



Rep. Barbara Flynn Currie

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LRB096 18423 AMC 41252 a

1 AMENDMENT TO SENATE BILL 3514

2 AMENDMENT NO. _____. Amend Senate Bill 3514, AS AMENDED,
3 by replacing everything after the enacting clause with the
4 following:

5 "Section 5. The State Finance Act is amended by changing
6 Section 14.1 as follows:

7 (30 ILCS 105/14.1) (from Ch. 127, par. 150.1)

8 Sec. 14.1. Appropriations for State contributions to the
9 State Employees' Retirement System; payroll requirements.

10 (a) Appropriations for State contributions to the State
11 Employees' Retirement System of Illinois shall be expended in
12 the manner provided in this Section. Except as otherwise
13 provided in subsections (a-1) and (a-2), at the time of each
14 payment of salary to an employee under the personal services
15 line item, payment shall be made to the State Employees'
16 Retirement System, from the amount appropriated for State

1 contributions to the State Employees' Retirement System, of an
2 amount calculated at the rate certified for the applicable
3 fiscal year by the Board of Trustees of the State Employees'
4 Retirement System under Section 14-135.08 of the Illinois
5 Pension Code. If a line item appropriation to an employer for
6 this purpose is exhausted or is unavailable due to any
7 limitation on appropriations that may apply, (including, but
8 not limited to, limitations on appropriations from the Road
9 Fund under Section 8.3 of the State Finance Act), the amounts
10 shall be paid under the continuing appropriation for this
11 purpose contained in the State Pension Funds Continuing
12 Appropriation Act.

13 (a-1) Beginning on the effective date of this amendatory
14 Act of the 93rd General Assembly through the payment of the
15 final payroll from fiscal year 2004 appropriations,
16 appropriations for State contributions to the State Employees'
17 Retirement System of Illinois shall be expended in the manner
18 provided in this subsection (a-1). At the time of each payment
19 of salary to an employee under the personal services line item
20 from a fund other than the General Revenue Fund, payment shall
21 be made for deposit into the General Revenue Fund from the
22 amount appropriated for State contributions to the State
23 Employees' Retirement System of an amount calculated at the
24 rate certified for fiscal year 2004 by the Board of Trustees of
25 the State Employees' Retirement System under Section 14-135.08
26 of the Illinois Pension Code. This payment shall be made to the

1 extent that a line item appropriation to an employer for this
2 purpose is available or unexhausted. No payment from
3 appropriations for State contributions shall be made in
4 conjunction with payment of salary to an employee under the
5 personal services line item from the General Revenue Fund.

6 (a-2) For fiscal year 2010 only, at the time of each
7 payment of salary to an employee under the personal services
8 line item from a fund other than the General Revenue Fund,
9 payment shall be made for deposit into the State Employees'
10 Retirement System of Illinois from the amount appropriated for
11 State contributions to the State Employees' Retirement System
12 of Illinois of an amount calculated at the rate certified for
13 fiscal year 2010 by the Board of Trustees of the State
14 Employees' Retirement System of Illinois under Section
15 14-135.08 of the Illinois Pension Code. This payment shall be
16 made to the extent that a line item appropriation to an
17 employer for this purpose is available or unexhausted. For
18 fiscal year 2010 only, no payment from appropriations for State
19 contributions shall be made in conjunction with payment of
20 salary to an employee under the personal services line item
21 from the General Revenue Fund.

22 (a-3) For fiscal year 2011 only, at the time of each
23 payment of salary to an employee under the personal services
24 line item from a fund other than the General Revenue Fund,
25 payment shall be made for deposit into the State Employees'
26 Retirement System of Illinois from the amount appropriated for

1 State contributions to the State Employees' Retirement System
2 of Illinois of an amount calculated at the rate certified for
3 fiscal year 2011 by the Board of Trustees of the State
4 Employees' Retirement System of Illinois under Section
5 14-135.08 of the Illinois Pension Code. This payment shall be
6 made to the extent that a line item appropriation to an
7 employer for this purpose is available or unexhausted. For
8 fiscal year 2011 only, no payment from appropriations for State
9 contributions shall be made in conjunction with payment of
10 salary to an employee under the personal services line item
11 from the General Revenue Fund.

12 (b) Except during the period beginning on the effective
13 date of this amendatory Act of the 93rd General Assembly and
14 ending at the time of the payment of the final payroll from
15 fiscal year 2004 appropriations, the State Comptroller shall
16 not approve for payment any payroll voucher that (1) includes
17 payments of salary to eligible employees in the State
18 Employees' Retirement System of Illinois and (2) does not
19 include the corresponding payment of State contributions to
20 that retirement system at the full rate certified under Section
21 14-135.08 for that fiscal year for eligible employees, unless
22 the balance in the fund on which the payroll voucher is drawn
23 is insufficient to pay the total payroll voucher, or
24 unavailable due to any limitation on appropriations that may
25 apply, including, but not limited to, limitations on
26 appropriations from the Road Fund under Section 8.3 of the

1 State Finance Act. If the State Comptroller approves a payroll
2 voucher under this Section for which the fund balance is
3 insufficient to pay the full amount of the required State
4 contribution to the State Employees' Retirement System, the
5 Comptroller shall promptly so notify the Retirement System.

6 (b-1) For fiscal year 2010 only, the State Comptroller
7 shall not approve for payment any non-General Revenue Fund
8 payroll voucher that (1) includes payments of salary to
9 eligible employees in the State Employees' Retirement System of
10 Illinois and (2) does not include the corresponding payment of
11 State contributions to that retirement system at the full rate
12 certified under Section 14-135.08 for that fiscal year for
13 eligible employees, unless the balance in the fund on which the
14 payroll voucher is drawn is insufficient to pay the total
15 payroll voucher, or unavailable due to any limitation on
16 appropriations that may apply, including, but not limited to,
17 limitations on appropriations from the Road Fund under Section
18 8.3 of the State Finance Act. If the State Comptroller approves
19 a payroll voucher under this Section for which the fund balance
20 is insufficient to pay the full amount of the required State
21 contribution to the State Employees' Retirement System of
22 Illinois, the Comptroller shall promptly so notify the
23 retirement system.

24 (c) Notwithstanding any other provisions of law, beginning
25 July 1, 2007, required State and employee contributions to the
26 State Employees' Retirement System of Illinois relating to

1 affected legislative staff employees shall be paid out of
2 moneys appropriated for that purpose to the Commission on
3 Government Forecasting and Accountability, rather than out of
4 the lump-sum appropriations otherwise made for the payroll and
5 other costs of those employees.

6 These payments must be made pursuant to payroll vouchers
7 submitted by the employing entity as part of the regular
8 payroll voucher process.

9 For the purpose of this subsection, "affected legislative
10 staff employees" means legislative staff employees paid out of
11 lump-sum appropriations made to the General Assembly, an
12 Officer of the General Assembly, or the Senate Operations
13 Commission, but does not include district-office staff or
14 employees of legislative support services agencies.

15 (Source: P.A. 95-707, eff. 1-11-08; 96-45, eff. 7-15-09.)

16 Section 10. The General Obligation Bond Act is amended by
17 changing Sections 2, 2.5, 7.2, 9, 11, 14.1, and 15 as follows:

18 (30 ILCS 330/2) (from Ch. 127, par. 652)

19 Sec. 2. Authorization for Bonds. The State of Illinois is
20 authorized to issue, sell and provide for the retirement of
21 General Obligation Bonds of the State of Illinois for the
22 categories and specific purposes expressed in Sections 2
23 through 8 of this Act, in the total amount of \$41,017,777,443
24 ~~\$37,217,777,443~~.

1 The bonds authorized in this Section 2 and in Section 16 of
2 this Act are herein called "Bonds".

3 Of the total amount of Bonds authorized in this Act, up to
4 \$2,200,000,000 in aggregate original principal amount may be
5 issued and sold in accordance with the Baccalaureate Savings
6 Act in the form of General Obligation College Savings Bonds.

7 Of the total amount of Bonds authorized in this Act, up to
8 \$300,000,000 in aggregate original principal amount may be
9 issued and sold in accordance with the Retirement Savings Act
10 in the form of General Obligation Retirement Savings Bonds.

11 Of the total amount of Bonds authorized in this Act, the
12 additional \$10,000,000,000 authorized by Public Act 93-2, ~~and~~
13 the \$3,466,000,000 authorized by Public Act 96-43, and the
14 \$3,800,000,000 authorized by this amendatory Act of the 96th
15 General Assembly shall be used solely as provided in Section
16 7.2.

17 The issuance and sale of Bonds pursuant to the General
18 Obligation Bond Act is an economical and efficient method of
19 financing the long-term capital needs of the State. This Act
20 will permit the issuance of a multi-purpose General Obligation
21 Bond with uniform terms and features. This will not only lower
22 the cost of registration but also reduce the overall cost of
23 issuing debt by improving the marketability of Illinois General
24 Obligation Bonds.

25 (Source: P.A. 95-1026, eff. 1-12-09; 96-5, eff. 4-3-09; 96-36,
26 eff. 7-13-09; 96-43, eff. 7-15-09; 96-885, eff. 3-11-10.)

1 (30 ILCS 330/2.5)

2 Sec. 2.5. Limitation on issuance of Bonds.

3 (a) Except as provided in subsection (b), no Bonds may be
4 issued if, after the issuance, in the next State fiscal year
5 after the issuance of the Bonds, the amount of debt service
6 (including principal, whether payable at maturity or pursuant
7 to mandatory sinking fund installments, and interest) on all
8 then-outstanding Bonds, other than Bonds authorized by Public
9 Act 96-43 or by this amendatory Act of the 96th General
10 Assembly ~~this amendatory Act of the 96th General Assembly~~,
11 would exceed 7% of the aggregate appropriations from the
12 general funds (which consist of the General Revenue Fund, the
13 Common School Fund, the General Revenue Common School Special
14 Account Fund, and the Education Assistance Fund) and the Road
15 Fund for the fiscal year immediately prior to the fiscal year
16 of the issuance.

17 (b) If the Comptroller and Treasurer each consent in
18 writing, Bonds may be issued even if the issuance does not
19 comply with subsection (a).

20 (Source: P.A. 96-43, eff. 7-15-09.)

21 (30 ILCS 330/7.2)

22 Sec. 7.2. State pension funding.

23 (a) The amount of \$10,000,000,000 is authorized to be used
24 for the purpose of making contributions to the designated

1 retirement systems. For the purposes of this Section,
2 "designated retirement systems" means the State Employees'
3 Retirement System of Illinois; the Teachers' Retirement System
4 of the State of Illinois; the State Universities Retirement
5 System; the Judges Retirement System of Illinois; and the
6 General Assembly Retirement System.

7 The amount of \$3,466,000,000 of Bonds authorized by Public
8 Act 96-43 ~~this amendatory Act of the 96th General Assembly~~ is
9 authorized to be used for the purpose of making a portion of
10 the State's Fiscal Year 2010 required contributions to the
11 designated retirement systems.

12 The amount of \$3,800,000,000 of Bonds authorized by this
13 amendatory Act of the 96th General Assembly is authorized to be
14 used for the purpose of making the State's Fiscal Year 2011
15 required contributions to the designated retirement systems.

16 (b) The Pension Contribution Fund is created as a special
17 fund in the State Treasury.

18 The proceeds of the additional \$10,000,000,000 of Bonds
19 authorized by Public Act 93-2, less the amounts authorized in
20 the Bond Sale Order to be deposited directly into the
21 capitalized interest account of the General Obligation Bond
22 Retirement and Interest Fund or otherwise directly paid out for
23 bond sale expenses under Section 8, shall be deposited into the
24 Pension Contribution Fund and used as provided in this Section.

25 The proceeds of the additional \$3,466,000,000 of Bonds
26 authorized by Public Act 96-43 ~~this amendatory Act of the 96th~~

1 ~~General Assembly~~, less the amounts directly paid out for bond
2 sale expenses under Section 8, shall be deposited into the
3 Pension Contribution Fund, and the Comptroller and the
4 Treasurer shall, as soon as practical, (i) first, transfer from
5 the Pension Contribution Fund to the General Revenue Fund or
6 Common School Fund an amount equal to the amount of payments,
7 if any, made to the designated retirement systems from the
8 General Revenue Fund or Common School Fund in State fiscal year
9 2010 and (ii) second, make transfers from the Pension
10 Contribution Fund to the designated retirement systems
11 pursuant to Sections 2-124, 14-131, 15-155, 16-158, and 18-131
12 of the Illinois Pension Code.

13 The additional \$3,800,000,000 of Bonds authorized by this
14 amendatory Act of the 96th General Assembly may be issued only
15 for the purpose of fulfilling the State's Fiscal Year 2011
16 required contributions to the designated retirement systems.

17 All or a portion of the Bonds shall be issued directly to
18 the designated retirement systems, with the remaining amount
19 necessary to make the required contributions sold by negotiated
20 sale, if the State first obtains, prior to April 15, 2011, a
21 written determination from the Internal Revenue Service that an
22 issuance directly to the retirement systems is not a prohibited
23 transaction under Section 503(b) of the Internal Revenue Code.
24 If the State is unable to obtain a written determination from
25 the Internal Revenue Service as required in the preceding
26 sentence, the State may elect to issue by negotiated sale any

1 amount of the additional \$3,800,000,000 of Bonds authorized by
2 this amendatory Act of the 96th General Assembly that, in the
3 sole determination of the Director of the Governor's Office of
4 Management and Budget, is appropriate given market conditions
5 at that time.

6 The proceeds of any Bonds authorized by this amendatory Act
7 of the 96th General Assembly and sold by negotiated sale, less
8 the amounts directly paid out for bond sale expenses under
9 Section 8, shall be deposited into the Pension Contribution
10 Fund, and the Comptroller and the Treasurer shall, as soon as
11 practical, (i) first, transfer from the Pension Contribution
12 Fund to the General Revenue Fund or Common School Fund an
13 amount equal to the amount of payments, if any, made to the
14 designated retirement systems from the General Revenue Fund or
15 Common School Fund in State fiscal year 2011 and (ii) second,
16 make transfers from the Pension Contribution Fund to the
17 designated retirement systems pursuant to Sections 2-124,
18 14-131, 15-155, 16-158, and 18-131 of the Illinois Pension
19 Code.

20 (c) Of the amount of Bond proceeds from the bond sale
21 authorized by Public Act 93-2 first deposited into the Pension
22 Contribution Fund, there shall be reserved for transfers under
23 this subsection the sum of \$300,000,000, representing the
24 required State contributions to the designated retirement
25 systems for the last quarter of State fiscal year 2003, plus
26 the sum of \$1,860,000,000, representing the required State

1 contributions to the designated retirement systems for State
2 fiscal year 2004.

3 Upon the deposit of sufficient moneys from the bond sale
4 authorized by Public Act 93-2 into the Pension Contribution
5 Fund, the Comptroller and Treasurer shall immediately transfer
6 the sum of \$300,000,000 from the Pension Contribution Fund to
7 the General Revenue Fund.

8 Whenever any payment of required State contributions for
9 State fiscal year 2004 is made to one of the designated
10 retirement systems, the Comptroller and Treasurer shall, as
11 soon as practicable, transfer from the Pension Contribution
12 Fund to the General Revenue Fund an amount equal to the amount
13 of that payment to the designated retirement system. Beginning
14 on the effective date of this amendatory Act of the 93rd
15 General Assembly, the transfers from the Pension Contribution
16 Fund to the General Revenue Fund shall be suspended until June
17 30, 2004, and the remaining balance in the Pension Contribution
18 Fund shall be transferred directly to the designated retirement
19 systems as provided in Section 6z-61 of the State Finance Act.
20 On and after July 1, 2004, in the event that any amount is on
21 deposit in the Pension Contribution Fund from time to time, the
22 Comptroller and Treasurer shall continue to make such transfers
23 based on fiscal year 2005 payments until the entire amount on
24 deposit has been transferred.

25 (d) All amounts deposited into the Pension Contribution
26 Fund, other than the amounts reserved for the transfers under

1 subsection (c) from the bond sale authorized by Public Act 93-2
2 and other than amounts deposited into the Pension Contribution
3 Fund from the bond sale authorized by Public Act 96-43 or this
4 amendatory Act of the 96th General Assembly ~~this amendatory Act~~
5 ~~of the 96th General Assembly~~, shall be appropriated to the
6 designated retirement systems to reduce their actuarial
7 reserve deficiencies. The amount of the appropriation to each
8 designated retirement system shall constitute a portion of the
9 total appropriation under this subsection that is the same as
10 that retirement system's portion of the total actuarial reserve
11 deficiency of the systems, as most recently determined by the
12 Governor's Office of Management and Budget under Section 8.12
13 of the State Finance Act.

14 With respect to proceeds from the bond sale authorized by
15 Public Act 93-2 only, within 15 days after any Bond proceeds in
16 excess of the amounts initially reserved under subsection (c)
17 are deposited into the Pension Contribution Fund, the
18 Governor's Office of Management and Budget shall (i) allocate
19 those proceeds among the designated retirement systems in
20 proportion to their respective actuarial reserve deficiencies,
21 as most recently determined under Section 8.12 of the State
22 Finance Act, and (ii) certify those allocations to the
23 designated retirement systems and the Comptroller.

24 Upon receiving certification of an allocation under this
25 subsection, a designated retirement system shall submit to the
26 Comptroller a voucher for the amount of its allocation. The

1 voucher shall be paid out of the amount appropriated to that
2 designated retirement system from the Pension Contribution
3 Fund pursuant to this subsection.

4 (Source: P.A. 96-43, eff. 7-15-09.)

5 (30 ILCS 330/9) (from Ch. 127, par. 659)

6 Sec. 9. Conditions for Issuance and Sale of Bonds -
7 Requirements for Bonds.

8 (a) Except as otherwise provided in this subsection, Bonds
9 shall be issued and sold from time to time, in one or more
10 series, in such amounts and at such prices as may be directed
11 by the Governor, upon recommendation by the Director of the
12 Governor's Office of Management and Budget. Bonds shall be in
13 such form (either coupon, registered or book entry), in such
14 denominations, payable within 25 years from their date, subject
15 to such terms of redemption with or without premium, bear
16 interest payable at such times and at such fixed or variable
17 rate or rates, and be dated as shall be fixed and determined by
18 the Director of the Governor's Office of Management and Budget
19 in the order authorizing the issuance and sale of any series of
20 Bonds, which order shall be approved by the Governor and is
21 herein called a "Bond Sale Order"; provided however, that
22 interest payable at fixed or variable rates shall not exceed
23 that permitted in the Bond Authorization Act, as now or
24 hereafter amended. Bonds shall be payable at such place or
25 places, within or without the State of Illinois, and may be

1 made registrable as to either principal or as to both principal
2 and interest, as shall be specified in the Bond Sale Order.
3 Bonds may be callable or subject to purchase and retirement or
4 tender and remarketing as fixed and determined in the Bond Sale
5 Order. Bonds, other than Bonds issued under Section 3 of this
6 Act for the costs associated with the purchase and
7 implementation of information technology, (i) except for
8 refunding Bonds satisfying the requirements of Section 16 of
9 this Act and sold during fiscal year 2009, 2010, or 2011, must
10 be issued with principal or mandatory redemption amounts in
11 equal amounts, with the first maturity issued occurring within
12 the fiscal year in which the Bonds are issued or within the
13 next succeeding fiscal year and (ii) must mature or be subject
14 to mandatory redemption each fiscal year thereafter up to 25
15 years, except for refunding Bonds satisfying the requirements
16 of Section 16 of this Act and sold during fiscal year 2009,
17 2010, or 2011 which must mature or be subject to mandatory
18 redemption each fiscal year thereafter up to 16 years. Bonds
19 issued under Section 3 of this Act for the costs associated
20 with the purchase and implementation of information technology
21 must be issued with principal or mandatory redemption amounts
22 in equal amounts, with the first maturity issued occurring with
23 the fiscal year in which the respective bonds are issued or
24 with the next succeeding fiscal year, with the respective bonds
25 issued maturing or subject to mandatory redemption each fiscal
26 year thereafter up to 10 years. Notwithstanding any provision

1 of this Act to the contrary, the Bonds authorized by Public Act
 2 96-43 shall be payable within 5 years from their date and must
 3 be issued with principal or mandatory redemption amounts in
 4 equal amounts, with payment of principal or mandatory
 5 redemption beginning in the first fiscal year following the
 6 fiscal year in which the Bonds are issued.

7 Notwithstanding any provision of this Act to the contrary,
 8 the Bonds authorized by this amendatory Act of the 96th General
 9 Assembly shall be issued with payment of maturing principal or
 10 scheduled mandatory redemptions in accordance with the
 11 following schedule, except the following amounts shall be
 12 prorated if less than the total additional amount of Bonds
 13 authorized by this amendatory Act of the 96th General Assembly
 14 are issued:

<u>Fiscal Year After Issuance</u>	<u>Amount</u>
<u>1-2</u>	<u>\$0</u>
<u>3</u>	<u>\$100,000,000</u>
<u>4</u>	<u>\$300,000,000</u>
<u>5</u>	<u>\$600,000,000</u>
<u>6-7</u>	<u>\$900,000,000</u>
<u>8</u>	<u>\$1,000,000,000</u>

22 In the case of any series of Bonds bearing interest at a
 23 variable interest rate ("Variable Rate Bonds"), in lieu of
 24 determining the rate or rates at which such series of Variable
 25 Rate Bonds shall bear interest and the price or prices at which
 26 such Variable Rate Bonds shall be initially sold or remarketed

1 (in the event of purchase and subsequent resale), the Bond Sale
2 Order may provide that such interest rates and prices may vary
3 from time to time depending on criteria established in such
4 Bond Sale Order, which criteria may include, without
5 limitation, references to indices or variations in interest
6 rates as may, in the judgment of a remarketing agent, be
7 necessary to cause Variable Rate Bonds of such series to be
8 remarketable from time to time at a price equal to their
9 principal amount, and may provide for appointment of a bank,
10 trust company, investment bank, or other financial institution
11 to serve as remarketing agent in that connection. The Bond Sale
12 Order may provide that alternative interest rates or provisions
13 for establishing alternative interest rates, different
14 security or claim priorities, or different call or amortization
15 provisions will apply during such times as Variable Rate Bonds
16 of any series are held by a person providing credit or
17 liquidity enhancement arrangements for such Bonds as
18 authorized in subsection (b) of this Section. The Bond Sale
19 Order may also provide for such variable interest rates to be
20 established pursuant to a process generally known as an auction
21 rate process and may provide for appointment of one or more
22 financial institutions to serve as auction agents and
23 broker-dealers in connection with the establishment of such
24 interest rates and the sale and remarketing of such Bonds.

25 (b) In connection with the issuance of any series of Bonds,
26 the State may enter into arrangements to provide additional

1 security and liquidity for such Bonds, including, without
2 limitation, bond or interest rate insurance or letters of
3 credit, lines of credit, bond purchase contracts, or other
4 arrangements whereby funds are made available to retire or
5 purchase Bonds, thereby assuring the ability of owners of the
6 Bonds to sell or redeem their Bonds. The State may enter into
7 contracts and may agree to pay fees to persons providing such
8 arrangements, but only under circumstances where the Director
9 of the Governor's Office of Management and Budget certifies
10 that he or she reasonably expects the total interest paid or to
11 be paid on the Bonds, together with the fees for the
12 arrangements (being treated as if interest), would not, taken
13 together, cause the Bonds to bear interest, calculated to their
14 stated maturity, at a rate in excess of the rate that the Bonds
15 would bear in the absence of such arrangements.

16 The State may, with respect to Bonds issued or anticipated
17 to be issued, participate in and enter into arrangements with
18 respect to interest rate protection or exchange agreements,
19 guarantees, or financial futures contracts for the purpose of
20 limiting, reducing, or managing interest rate exposure. The
21 authority granted under this paragraph, however, shall not
22 increase the principal amount of Bonds authorized to be issued
23 by law. The arrangements may be executed and delivered by the
24 Director of the Governor's Office of Management and Budget on
25 behalf of the State. Net payments for such arrangements shall
26 constitute interest on the Bonds and shall be paid from the

1 General Obligation Bond Retirement and Interest Fund. The
2 Director of the Governor's Office of Management and Budget
3 shall at least annually certify to the Governor and the State
4 Comptroller his or her estimate of the amounts of such net
5 payments to be included in the calculation of interest required
6 to be paid by the State.

7 (c) Prior to the issuance of any Variable Rate Bonds
8 pursuant to subsection (a), the Director of the Governor's
9 Office of Management and Budget shall adopt an interest rate
10 risk management policy providing that the amount of the State's
11 variable rate exposure with respect to Bonds shall not exceed
12 20%. This policy shall remain in effect while any Bonds are
13 outstanding and the issuance of Bonds shall be subject to the
14 terms of such policy. The terms of this policy may be amended
15 from time to time by the Director of the Governor's Office of
16 Management and Budget but in no event shall any amendment cause
17 the permitted level of the State's variable rate exposure with
18 respect to Bonds to exceed 20%.

19 (d) "Build America Bonds" in this Section means Bonds
20 authorized by Section 54AA of the Internal Revenue Code of
21 1986, as amended ("Internal Revenue Code"), and bonds issued
22 from time to time to refund or continue to refund "Build
23 America Bonds".

24 (e) Notwithstanding any other provision of this Section,
25 Qualified School Construction Bonds shall be issued and sold
26 from time to time, in one or more series, in such amounts and

1 at such prices as may be directed by the Governor, upon
2 recommendation by the Director of the Governor's Office of
3 Management and Budget. Qualified School Construction Bonds
4 shall be in such form (either coupon, registered or book
5 entry), in such denominations, payable within 25 years from
6 their date, subject to such terms of redemption with or without
7 premium, and if the Qualified School Construction Bonds are
8 issued with a supplemental coupon, bear interest payable at
9 such times and at such fixed or variable rate or rates, and be
10 dated as shall be fixed and determined by the Director of the
11 Governor's Office of Management and Budget in the order
12 authorizing the issuance and sale of any series of Qualified
13 School Construction Bonds, which order shall be approved by the
14 Governor and is herein called a "Bond Sale Order"; except that
15 interest payable at fixed or variable rates, if any, shall not
16 exceed that permitted in the Bond Authorization Act, as now or
17 hereafter amended. Qualified School Construction Bonds shall
18 be payable at such place or places, within or without the State
19 of Illinois, and may be made registrable as to either principal
20 or as to both principal and interest, as shall be specified in
21 the Bond Sale Order. Qualified School Construction Bonds may be
22 callable or subject to purchase and retirement or tender and
23 remarketing as fixed and determined in the Bond Sale Order.
24 Qualified School Construction Bonds must be issued with
25 principal or mandatory redemption amounts or sinking fund
26 payments into the General Obligation Bond Retirement and

1 Interest Fund (or subaccount therefor) in equal amounts, with
2 the first maturity issued, mandatory redemption payment or
3 sinking fund payment occurring within the fiscal year in which
4 the Qualified School Construction Bonds are issued or within
5 the next succeeding fiscal year, with Qualified School
6 Construction Bonds issued maturing or subject to mandatory
7 redemption or with sinking fund payments thereof deposited each
8 fiscal year thereafter up to 25 years. Sinking fund payments
9 set forth in this subsection shall be permitted only to the
10 extent authorized in Section 54F of the Internal Revenue Code
11 or as otherwise determined by the Director of the Governor's
12 Office of Management and Budget. "Qualified School
13 Construction Bonds" in this subsection means Bonds authorized
14 by Section 54F of the Internal Revenue Code and for bonds
15 issued from time to time to refund or continue to refund such
16 "Qualified School Construction Bonds".

17 (Source: P.A. 96-18, eff. 6-26-09; 96-37, eff. 7-13-09; 96-43,
18 eff. 7-15-09; 96-828, eff. 12-2-09.)

19 (30 ILCS 330/11) (from Ch. 127, par. 661)

20 Sec. 11. Sale of Bonds. Except as otherwise provided in
21 this Section, Bonds shall be sold from time to time pursuant to
22 notice of sale and public bid or by negotiated sale in such
23 amounts and at such times as is directed by the Governor, upon
24 recommendation by the Director of the Governor's Office of
25 Management and Budget. At least 25%, based on total principal

1 amount, of all Bonds issued each fiscal year shall be sold
2 pursuant to notice of sale and public bid. At all times during
3 each fiscal year, no more than 75%, based on total principal
4 amount, of the Bonds issued each fiscal year, shall have been
5 sold by negotiated sale. Failure to satisfy the requirements in
6 the preceding 2 sentences shall not affect the validity of any
7 previously issued Bonds; provided that all Bonds authorized by
8 Public Act 96-43 or this amendatory Act of the 96th General
9 Assembly ~~this amendatory Act of the 96th General Assembly~~ shall
10 not be included in determining compliance for any fiscal year
11 with the requirements of the preceding 2 sentences; and further
12 provided that refunding Bonds satisfying the requirements of
13 Section 16 of this Act and sold during fiscal year 2009, 2010,
14 or 2011 shall not be subject to the requirements in the
15 preceding 2 sentences.

16 If any Bonds, including refunding Bonds, are to be sold by
17 negotiated sale, the Director of the Governor's Office of
18 Management and Budget shall comply with the competitive request
19 for proposal process set forth in the Illinois Procurement Code
20 and all other applicable requirements of that Code.

21 If Bonds are to be sold pursuant to notice of sale and
22 public bid, the Director of the Governor's Office of Management
23 and Budget shall, from time to time, as Bonds are to be sold,
24 advertise the sale of the Bonds in at least 2 daily newspapers,
25 one of which is published in the City of Springfield and one in
26 the City of Chicago. The sale of the Bonds shall also be

1 advertised in the volume of the Illinois Procurement Bulletin
2 that is published by the Department of Central Management
3 Services. Each of the advertisements for proposals shall be
4 published once at least 10 days prior to the date fixed for the
5 opening of the bids. The Director of the Governor's Office of
6 Management and Budget may reschedule the date of sale upon the
7 giving of such additional notice as the Director deems adequate
8 to inform prospective bidders of such change; provided,
9 however, that all other conditions of the sale shall continue
10 as originally advertised.

11 Executed Bonds shall, upon payment therefor, be delivered
12 to the purchaser, and the proceeds of Bonds shall be paid into
13 the State Treasury as directed by Section 12 of this Act.

14 (Source: P.A. 96-18, eff. 6-26-09; 96-43, eff. 7-15-09.)

15 (30 ILCS 330/15) (from Ch. 127, par. 665)

16 Sec. 15. Computation of Principal and Interest; transfers.

17 (a) Upon each delivery of Bonds authorized to be issued
18 under this Act, the Comptroller shall compute and certify to
19 the Treasurer the total amount of principal of, interest on,
20 and premium, if any, on Bonds issued that will be payable in
21 order to retire such Bonds, the amount of principal of,
22 interest on and premium, if any, on such Bonds that will be
23 payable on each payment date according to the tenor of such
24 Bonds during the then current and each succeeding fiscal year,
25 and the amount of sinking fund payments needed to be deposited

1 in connection with Qualified School Construction Bonds
2 authorized by subsection (e) of Section 9. With respect to the
3 interest payable on variable rate bonds, such certifications
4 shall be calculated at the maximum rate of interest that may be
5 payable during the fiscal year, after taking into account any
6 credits permitted in the related indenture or other instrument
7 against the amount of such interest required to be appropriated
8 for such period pursuant to subsection (c) of Section 14 of
9 this Act. With respect to the interest payable, such
10 certifications shall include the amounts certified by the
11 Director of the Governor's Office of Management and Budget
12 under subsection (b) of Section 9 of this Act.

13 On or before the last day of each month the State Treasurer
14 and Comptroller shall transfer from (1) the Road Fund with
15 respect to Bonds issued under paragraph (a) of Section 4 of
16 this Act or Bonds issued for the purpose of refunding such
17 bonds, and from (2) the General Revenue Fund, with respect to
18 all other Bonds issued under this Act, to the General
19 Obligation Bond Retirement and Interest Fund an amount
20 sufficient to pay the aggregate of the principal of, interest
21 on, and premium, if any, on Bonds payable, by their terms on
22 the next payment date divided by the number of full calendar
23 months between the date of such Bonds and the first such
24 payment date, and thereafter, divided by the number of months
25 between each succeeding payment date after the first. Such
26 computations and transfers shall be made for each series of

1 Bonds issued and delivered. Interest payable on variable rate
2 bonds shall be calculated at the maximum rate of interest that
3 may be payable for the relevant period, after taking into
4 account any credits permitted in the related indenture or other
5 instrument against the amount of such interest required to be
6 appropriated for such period pursuant to subsection (c) of
7 Section 14 of this Act. Computations of interest shall include
8 the amounts certified by the Director of the Governor's Office
9 of Management and Budget under subsection (b) of Section 9 of
10 this Act. Interest for which moneys have already been deposited
11 into the capitalized interest account within the General
12 Obligation Bond Retirement and Interest Fund shall not be
13 included in the calculation of the amounts to be transferred
14 under this subsection. Notwithstanding any other provision in
15 this Section, the transfer provisions provided in this
16 paragraph shall not apply to transfers made in fiscal year 2010
17 or 2011 with respect to Bonds issued in fiscal year 2010 or
18 2011 pursuant to Section 7.2 of this Act. In the case of
19 transfers made in fiscal year 2010 or 2011 with respect to the
20 Bonds issued in fiscal year 2010 or 2011 pursuant to Section
21 7.2 of this Act, on or before the 15th day of the month prior to
22 the required debt service payment, the State Treasurer and
23 Comptroller shall transfer from the General Revenue Fund to the
24 General Obligation Bond Retirement and Interest Fund an amount
25 sufficient to pay the aggregate of the principal of, interest
26 on, and premium, if any, on the Bonds payable in that next

1 month.

2 The transfer of monies herein and above directed is not
3 required if monies in the General Obligation Bond Retirement
4 and Interest Fund are more than the amount otherwise to be
5 transferred as herein above provided, and if the Governor or
6 his authorized representative notifies the State Treasurer and
7 Comptroller of such fact in writing.

8 (b) After the effective date of this Act, the balance of,
9 and monies directed to be included in the Capital Development
10 Bond Retirement and Interest Fund, Anti-Pollution Bond
11 Retirement and Interest Fund, Transportation Bond, Series A
12 Retirement and Interest Fund, Transportation Bond, Series B
13 Retirement and Interest Fund, and Coal Development Bond
14 Retirement and Interest Fund shall be transferred to and
15 deposited in the General Obligation Bond Retirement and
16 Interest Fund. This Fund shall be used to make debt service
17 payments on the State's general obligation Bonds heretofore
18 issued which are now outstanding and payable from the Funds
19 herein listed as well as on Bonds issued under this Act.

20 (c) The unused portion of federal funds received for a
21 capital facilities project, as authorized by Section 3 of this
22 Act, for which monies from the Capital Development Fund have
23 been expended shall be deposited upon completion of the project
24 in the General Obligation Bond Retirement and Interest Fund.
25 Any federal funds received as reimbursement for the completed
26 construction of a capital facilities project, as authorized by

1 Section 3 of this Act, for which monies from the Capital
2 Development Fund have been expended shall be deposited in the
3 General Obligation Bond Retirement and Interest Fund.

4 (Source: P.A. 96-43, eff. 7-15-09; 96-828, eff. 12-2-09.)

5 Section 15. The Illinois Pension Code is amended by
6 changing Sections 1-113, 1-114, 2-124, 2-134, 14-131,
7 14-135.08, 15-155, 15-165, 16-158, 18-131, and 18-140 as
8 follows:

9 (40 ILCS 5/1-113) (from Ch. 108 1/2, par. 1-113)

10 Sec. 1-113. Investment authority of certain pension funds,
11 not including those established under Article 3 or 4. The
12 investment authority of a board of trustees of a retirement
13 system or pension fund established under this Code shall, if so
14 provided in the Article establishing such retirement system or
15 pension fund, embrace the following investments:

16 (1) Bonds, notes and other direct obligations of the United
17 States Government; bonds, notes and other obligations of any
18 United States Government agency or instrumentality, whether or
19 not guaranteed; and obligations the principal and interest of
20 which are guaranteed unconditionally by the United States
21 Government or by an agency or instrumentality thereof.

22 (2) Obligations of the Inter-American Development Bank,
23 the International Bank for Reconstruction and Development, the
24 African Development Bank, the International Finance

1 Corporation, and the Asian Development Bank.

2 (3) Obligations of any state, or of any political
3 subdivision in Illinois, or of any county or city in any other
4 state having a population as shown by the last federal census
5 of not less than 30,000 inhabitants provided that such
6 political subdivision is not permitted by law to become
7 indebted in excess of 10% of the assessed valuation of property
8 therein and has not defaulted for a period longer than 30 days
9 in the payment of interest and principal on any of its general
10 obligations or indebtedness during a period of 10 calendar
11 years immediately preceding such investment.

12 (3.1) Obligations of the State of Illinois issued in fiscal
13 year 2011 pursuant to Section 7.2 of the General Obligation
14 Bond Act.

15 (4) Nonconvertible bonds, debentures, notes and other
16 corporate obligations of any corporation created or existing
17 under the laws of the United States or any state, district or
18 territory thereof, provided there has been no default on the
19 obligations of the corporation or its predecessor(s) during the
20 5 calendar years immediately preceding the purchase. Up to 5%
21 of the assets of a pension fund established under Article 9 of
22 this Code may be invested in nonconvertible bonds, debentures,
23 notes, and other corporate obligations of corporations created
24 or existing under the laws of a foreign country, provided there
25 has been no default on the obligations of the corporation or
26 its predecessors during the 5 calendar years immediately

1 preceding the date of purchase.

2 (5) Obligations guaranteed by the Government of Canada, or
3 by any Province of Canada, or by any Canadian city with a
4 population of not less than 150,000 inhabitants, provided (a)
5 they are payable in United States currency and are exempt from
6 any Canadian withholding tax; (b) the investment in any one
7 issue of bonds shall not exceed 10% of the amount outstanding;
8 and (c) the total investments at book value in Canadian
9 securities shall be limited to 5% of the total investment
10 account of the board at book value.

11 (5.1) Direct obligations of the State of Israel for the
12 payment of money, or obligations for the payment of money which
13 are guaranteed as to the payment of principal and interest by
14 the State of Israel, or common or preferred stock or notes
15 issued by a bank owned or controlled in whole or in part by the
16 State of Israel, on the following conditions:

17 (a) The total investments in such obligations shall not
18 exceed 5% of the book value of the aggregate investments
19 owned by the board;

20 (b) The State of Israel shall not be in default in the
21 payment of principal or interest on any of its direct
22 general obligations on the date of such investment;

23 (c) The bonds, stock or notes, and interest thereon
24 shall be payable in currency of the United States;

25 (d) The bonds shall (1) contain an option for the
26 redemption thereof after 90 days from date of purchase or

1 (2) either become due 5 years from the date of their
2 purchase or be subject to redemption 120 days after the
3 date of notice for redemption;

4 (e) The investment in these obligations has been
5 approved in writing by investment counsel employed by the
6 board, which counsel shall be a national or state bank or
7 trust company authorized to do a trust business in the
8 State of Illinois, or an investment advisor qualified under
9 the Federal Investment Advisors Act of 1940 and registered
10 under the Illinois Securities Act of 1953;

11 (f) The fund or system making the investment shall have
12 at least \$5,000,000 of net present assets.

13 (6) Notes secured by mortgages under Sections 203, 207, 220
14 and 221 of the National Housing Act which are insured by the
15 Federal Housing Commissioner, or his successor assigns, or
16 debentures issued by such Commissioner, which are guaranteed as
17 to principal and interest by the Federal Housing
18 Administration, or agency of the United States Government,
19 provided the aggregate investment shall not exceed 20% of the
20 total investment account of the board at book value, and
21 provided further that the investment in such notes under
22 Sections 220 and 221 shall in no event exceed one-half of the
23 maximum investment in notes under this paragraph.

24 (7) Loans to veterans guaranteed in whole or part by the
25 United States Government pursuant to Title III of the Act of
26 Congress known as the "Servicemen's Readjustment Act of 1944,"

1 58 Stat. 284, 38 U.S.C. 693, as amended or supplemented from
2 time to time, provided such guaranteed loans are liens upon
3 real estate.

4 (8) Common and preferred stocks and convertible debt
5 securities authorized for investment of trust funds under the
6 laws of the State of Illinois, provided:

7 (a) the common stocks, except as provided in
8 subparagraph (g), are listed on a national securities
9 exchange or board of trade, as defined in the federal
10 Securities Exchange Act of 1934, or quoted in the National
11 Association of Securities Dealers Automated Quotation
12 System (NASDAQ);

13 (b) the securities are of a corporation created or
14 existing under the laws of the United States or any state,
15 district or territory thereof, except that up to 5% of the
16 assets of a pension fund established under Article 9 of
17 this Code may be invested in securities issued by
18 corporations created or existing under the laws of a
19 foreign country, if those securities are otherwise in
20 conformance with this paragraph (8);

21 (c) the corporation is not in arrears on payment of
22 dividends on its preferred stock;

23 (d) the total book value of all stocks and convertible
24 debt owned by any pension fund or retirement system shall
25 not exceed 40% of the aggregate book value of all
26 investments of such pension fund or retirement system,

1 except for a pension fund or retirement system governed by
2 Article 9 or 17, where the total of all stocks and
3 convertible debt shall not exceed 50% of the aggregate book
4 value of all fund investments, and except for a pension
5 fund or retirement system governed by Article 13, where the
6 total market value of all stocks and convertible debt shall
7 not exceed 65% of the aggregate market value of all fund
8 investments;

9 (e) the book value of stock and convertible debt
10 investments in any one corporation shall not exceed 5% of
11 the total investment account at book value in which such
12 securities are held, determined as of the date of the
13 investment, and the investments in the stock of any one
14 corporation shall not exceed 5% of the total outstanding
15 stock of such corporation, and the investments in the
16 convertible debt of any one corporation shall not exceed 5%
17 of the total amount of such debt that may be outstanding;

18 (f) the straight preferred stocks or convertible
19 preferred stocks and convertible debt securities are
20 issued or guaranteed by a corporation whose common stock
21 qualifies for investment by the board; and

22 (g) that any common stocks not listed or quoted as
23 provided in subdivision 8(a) above be limited to the
24 following types of institutions: (a) any bank which is a
25 member of the Federal Deposit Insurance Corporation having
26 capital funds represented by capital stock, surplus and

1 undivided profits of at least \$20,000,000; (b) any life
2 insurance company having capital funds represented by
3 capital stock, special surplus funds and unassigned
4 surplus totalling at least \$50,000,000; and (c) any fire or
5 casualty insurance company, or a combination thereof,
6 having capital funds represented by capital stock, net
7 surplus and voluntary reserves of at least \$50,000,000.

8 (9) Withdrawable accounts of State chartered and federal
9 chartered savings and loan associations insured by the Federal
10 Savings and Loan Insurance Corporation; deposits or
11 certificates of deposit in State and national banks insured by
12 the Federal Deposit Insurance Corporation; and share accounts
13 or share certificate accounts in a State or federal credit
14 union, the accounts of which are insured as required by the
15 Illinois Credit Union Act or the Federal Credit Union Act, as
16 applicable.

17 No bank or savings and loan association shall receive
18 investment funds as permitted by this subsection (9), unless it
19 has complied with the requirements established pursuant to
20 Section 6 of the Public Funds Investment Act.

21 (10) Trading, purchase or sale of listed options on
22 underlying securities owned by the board.

23 (11) Contracts and agreements supplemental thereto
24 providing for investments in the general account of a life
25 insurance company authorized to do business in Illinois.

26 (12) Conventional mortgage pass-through securities which

1 are evidenced by interests in Illinois owner-occupied
2 residential mortgages, having not less than an "A" rating from
3 at least one national securities rating service. Such mortgages
4 may have loan-to-value ratios up to 95%, provided that any
5 amount over 80% is insured by private mortgage insurance. The
6 pool of such mortgages shall be insured by mortgage guaranty or
7 equivalent insurance, in accordance with industry standards.

8 (13) Pooled or commingled funds managed by a national or
9 State bank which is authorized to do a trust business in the
10 State of Illinois, shares of registered investment companies as
11 defined in the federal Investment Company Act of 1940 which are
12 registered under that Act, and separate accounts of a life
13 insurance company authorized to do business in Illinois, where
14 such pooled or commingled funds, shares, or separate accounts
15 are comprised of common or preferred stocks, bonds, or money
16 market instruments.

17 (14) Pooled or commingled funds managed by a national or
18 state bank which is authorized to do a trust business in the
19 State of Illinois, separate accounts managed by a life
20 insurance company authorized to do business in Illinois, and
21 commingled group trusts managed by an investment adviser
22 registered under the federal Investment Advisors Act of 1940
23 (15 U.S.C. 80b-1 et seq.) and under the Illinois Securities Law
24 of 1953, where such pooled or commingled funds, separate
25 accounts or commingled group trusts are comprised of real
26 estate or loans upon real estate secured by first or second

1 mortgages. The total investment in such pooled or commingled
2 funds, commingled group trusts and separate accounts shall not
3 exceed 10% of the aggregate book value of all investments owned
4 by the fund.

5 (15) Investment companies which (a) are registered as such
6 under the Investment Company Act of 1940, (b) are diversified,
7 open-end management investment companies and (c) invest only in
8 money market instruments.

9 (16) Up to 10% of the assets of the fund may be invested in
10 investments not included in paragraphs (1) through (15) of this
11 Section, provided that such investments comply with the
12 requirements and restrictions set forth in Sections 1-109,
13 1-109.1, 1-109.2, 1-110 and 1-111 of this Code.

14 The board shall have the authority to enter into such
15 agreements and to execute such documents as it determines to be
16 necessary to complete any investment transaction.

17 Any limitations herein set forth shall be applicable only
18 at the time of purchase and shall not require the liquidation
19 of any investment at any time.

20 All investments shall be clearly held and accounted for to
21 indicate ownership by such board. Such board may direct the
22 registration of securities in its own name or in the name of a
23 nominee created for the express purpose of registration of
24 securities by a national or state bank or trust company
25 authorized to conduct a trust business in the State of
26 Illinois.

1 Investments shall be carried at cost or at a value
2 determined in accordance with generally accepted accounting
3 principles and accounting procedures approved by such board.

4 (Source: P.A. 92-53, eff. 7-12-01.)

5 (40 ILCS 5/1-114) (from Ch. 108 1/2, par. 1-114)

6 Sec. 1-114. Liability for Breach of Fiduciary Duty. (a) Any
7 person who is a fiduciary with respect to a retirement system
8 or pension fund established under this Code who breaches any
9 duty imposed upon fiduciaries by this Code shall be personally
10 liable to make good to such retirement system or pension fund
11 any losses to it resulting from each such breach, and to
12 restore to such retirement system or pension fund any profits
13 of such fiduciary which have been made through use of assets of
14 the retirement system or pension fund by the fiduciary, and
15 shall be subject to such equitable or remedial relief as the
16 court may deem appropriate, including the removal of such
17 fiduciary.

18 (b) No person shall be liable with respect to a breach of
19 fiduciary duty under this Code if such breach occurred before
20 such person became a fiduciary or after such person ceased to
21 be a fiduciary.

22 (c) No person shall be liable with respect to a breach of
23 fiduciary duty under this Code for investing in obligations of
24 the State of Illinois issued in fiscal year 2011 pursuant to
25 Section 7.2 of the General Obligation Bond Act.

1 (Source: P.A. 82-960.)

2 (40 ILCS 5/2-124) (from Ch. 108 1/2, par. 2-124)

3 Sec. 2-124. Contributions by State.

4 (a) The State shall make contributions to the System by
5 appropriations of amounts which, together with the
6 contributions of participants, interest earned on investments,
7 and other income will meet the cost of maintaining and
8 administering the System on a 90% funded basis in accordance
9 with actuarial recommendations.

10 (b) The Board shall determine the amount of State
11 contributions required for each fiscal year on the basis of the
12 actuarial tables and other assumptions adopted by the Board and
13 the prescribed rate of interest, using the formula in
14 subsection (c).

15 (c) For State fiscal years 2011 through 2045, the minimum
16 contribution to the System to be made by the State for each
17 fiscal year shall be an amount determined by the System to be
18 sufficient to bring the total assets of the System up to 90% of
19 the total actuarial liabilities of the System by the end of
20 State fiscal year 2045. In making these determinations, the
21 required State contribution shall be calculated each year as a
22 level percentage of payroll over the years remaining to and
23 including fiscal year 2045 and shall be determined under the
24 projected unit credit actuarial cost method.

25 For State fiscal years 1996 through 2005, the State

1 contribution to the System, as a percentage of the applicable
2 employee payroll, shall be increased in equal annual increments
3 so that by State fiscal year 2011, the State is contributing at
4 the rate required under this Section.

5 Notwithstanding any other provision of this Article, the
6 total required State contribution for State fiscal year 2006 is
7 \$4,157,000.

8 Notwithstanding any other provision of this Article, the
9 total required State contribution for State fiscal year 2007 is
10 \$5,220,300.

11 For each of State fiscal years 2008 through 2009, the State
12 contribution to the System, as a percentage of the applicable
13 employee payroll, shall be increased in equal annual increments
14 from the required State contribution for State fiscal year
15 2007, so that by State fiscal year 2011, the State is
16 contributing at the rate otherwise required under this Section.

17 Notwithstanding any other provision of this Article, the
18 total required State contribution for State fiscal year 2010 is
19 \$10,454,000 and shall be made from the proceeds of bonds sold
20 in fiscal year 2010 pursuant to Section 7.2 of the General
21 Obligation Bond Act, less (i) the pro rata share of bond sale
22 expenses determined by the System's share of total bond
23 proceeds, (ii) any amounts received from the General Revenue
24 Fund in fiscal year 2010, and (iii) any reduction in bond
25 proceeds due to the issuance of discounted bonds, if
26 applicable.

1 Notwithstanding any other provision of this Article, the
2 total required State contribution for State fiscal year 2011 is
3 the amount recertified by the System pursuant to this
4 amendatory Act of the 96th General Assembly. Subject to the
5 requirements of Section 7.2 of the General Obligation Bond Act,
6 the State contribution for fiscal year 2011 may be made through
7 any combination of (i) the transfer of bonds to the System in
8 fiscal year 2011 and (ii) the proceeds of bonds sold by
9 negotiated sale in fiscal year 2011 pursuant to Section 7.2 of
10 the General Obligation Bond Act, less (A) the pro rata share of
11 bond sale expenses determined by the System's share of total
12 bond proceeds, (B) any amounts received from the General
13 Revenue Fund or the State Pensions Fund in fiscal year 2011,
14 and (C) any reduction in bond proceeds due to the issuance of
15 discounted bonds, if applicable. If no bonds are issued
16 directly to the System in accordance with Section 7.2 of the
17 General Obligation Bond Act and if in the sole determination of
18 the Director of the Governor's Office of Management and Budget
19 market conditions do not support the issuance of bonds by
20 negotiated sale in order to make all or a portion of the
21 required contribution, he or she shall so inform the System in
22 writing and the State contribution for fiscal year 2011 shall
23 be only the System's pro rata share, based on the amounts
24 recertified by each System pursuant to this amendatory Act of
25 the 96th General Assembly, of the proceeds of bonds issued,
26 less (A) the pro rata share of bond sale expenses determined by

1 the System's share of total bond proceeds, (B) any amounts
2 received from the General Revenue Fund or the State Pensions
3 Fund in fiscal year 2011, and (C) any reduction in bond
4 proceeds due to the issuance of discounted bonds, if
5 applicable.

6 Beginning in State fiscal year 2046, the minimum State
7 contribution for each fiscal year shall be the amount needed to
8 maintain the total assets of the System at 90% of the total
9 actuarial liabilities of the System.

10 Amounts received by the System pursuant to Section 25 of
11 the Budget Stabilization Act or Section 8.12 of the State
12 Finance Act in any fiscal year do not reduce and do not
13 constitute payment of any portion of the minimum State
14 contribution required under this Article in that fiscal year.
15 Such amounts shall not reduce, and shall not be included in the
16 calculation of, the required State contributions under this
17 Article in any future year until the System has reached a
18 funding ratio of at least 90%. A reference in this Article to
19 the "required State contribution" or any substantially similar
20 term does not include or apply to any amounts payable to the
21 System under Section 25 of the Budget Stabilization Act.

22 Notwithstanding any other provision of this Section, the
23 required State contribution for State fiscal year 2005 and for
24 fiscal year 2008 and each fiscal year thereafter, as calculated
25 under this Section and certified under Section 2-134, shall not
26 exceed an amount equal to (i) the amount of the required State

1 contribution that would have been calculated under this Section
2 for that fiscal year if the System had not received any
3 payments under subsection (d) of Section 7.2 of the General
4 Obligation Bond Act, minus (ii) the portion of the State's
5 total debt service payments for that fiscal year on the bonds
6 issued for the purposes of that Section 7.2, as determined and
7 certified by the Comptroller, that is the same as the System's
8 portion of the total moneys distributed under subsection (d) of
9 Section 7.2 of the General Obligation Bond Act. In determining
10 this maximum for State fiscal years 2008 through 2010, however,
11 the amount referred to in item (i) shall be increased, as a
12 percentage of the applicable employee payroll, in equal
13 increments calculated from the sum of the required State
14 contribution for State fiscal year 2007 plus the applicable
15 portion of the State's total debt service payments for fiscal
16 year 2007 on the bonds issued for the purposes of Section 7.2
17 of the General Obligation Bond Act, so that, by State fiscal
18 year 2011, the State is contributing at the rate otherwise
19 required under this Section.

20 (d) For purposes of determining the required State
21 contribution to the System, the value of the System's assets
22 shall be equal to the actuarial value of the System's assets,
23 which shall be calculated as follows:

24 As of June 30, 2008, the actuarial value of the System's
25 assets shall be equal to the market value of the assets as of
26 that date. In determining the actuarial value of the System's

1 assets for fiscal years after June 30, 2008, any actuarial
2 gains or losses from investment return incurred in a fiscal
3 year shall be recognized in equal annual amounts over the
4 5-year period following that fiscal year.

5 (e) For purposes of determining the required State
6 contribution to the system for a particular year, the actuarial
7 value of assets shall be assumed to earn a rate of return equal
8 to the system's actuarially assumed rate of return.

9 (Source: P.A. 95-950, eff. 8-29-08; 96-43, eff. 7-15-09.)

10 (40 ILCS 5/2-134) (from Ch. 108 1/2, par. 2-134)

11 Sec. 2-134. To certify required State contributions and
12 submit vouchers.

13 (a) The Board shall certify to the Governor on or before
14 December 15 of each year the amount of the required State
15 contribution to the System for the next fiscal year. The
16 certification shall include a copy of the actuarial
17 recommendations upon which it is based.

18 On or before May 1, 2004, the Board shall recalculate and
19 recertify to the Governor the amount of the required State
20 contribution to the System for State fiscal year 2005, taking
21 into account the amounts appropriated to and received by the
22 System under subsection (d) of Section 7.2 of the General
23 Obligation Bond Act.

24 On or before July 1, 2005, the Board shall recalculate and
25 recertify to the Governor the amount of the required State

1 contribution to the System for State fiscal year 2006, taking
2 into account the changes in required State contributions made
3 by this amendatory Act of the 94th General Assembly.

4 On or before May 15, 2010, the Board shall recalculate and
5 recertify to the Governor the amount of the required State
6 contribution to the System for State fiscal year 2011, applying
7 the changes made by Public Act 96-889 to the System's assets
8 and liabilities as of June 30, 2009 as though Public Act 96-889
9 was approved on that date.

10 (b) Beginning in State fiscal year 1996, on or as soon as
11 possible after the 15th day of each month the Board shall
12 submit vouchers for payment of State contributions to the
13 System, in a total monthly amount of one-twelfth of the
14 required annual State contribution certified under subsection
15 (a). From the effective date of this amendatory Act of the 93rd
16 General Assembly through June 30, 2004, the Board shall not
17 submit vouchers for the remainder of fiscal year 2004 in excess
18 of the fiscal year 2004 certified contribution amount
19 determined under this Section after taking into consideration
20 the transfer to the System under subsection (d) of Section
21 6z-61 of the State Finance Act. These vouchers shall be paid by
22 the State Comptroller and Treasurer by warrants drawn on the
23 funds appropriated to the System for that fiscal year. If in
24 any month the amount remaining unexpended from all other
25 appropriations to the System for the applicable fiscal year
26 (including the appropriations to the System under Section 8.12

1 of the State Finance Act and Section 1 of the State Pension
2 Funds Continuing Appropriation Act) is less than the amount
3 lawfully vouchered under this Section, the difference shall be
4 paid from the General Revenue Fund under the continuing
5 appropriation authority provided in Section 1.1 of the State
6 Pension Funds Continuing Appropriation Act.

7 (c) The full amount of any annual appropriation for the
8 System for State fiscal year 1995 shall be transferred and made
9 available to the System at the beginning of that fiscal year at
10 the request of the Board. Any excess funds remaining at the end
11 of any fiscal year from appropriations shall be retained by the
12 System as a general reserve to meet the System's accrued
13 liabilities.

14 (Source: P.A. 94-4, eff. 6-1-05; 94-536, eff. 8-10-05; 95-331,
15 eff. 8-21-07.)

16 (40 ILCS 5/14-131)

17 Sec. 14-131. Contributions by State.

18 (a) The State shall make contributions to the System by
19 appropriations of amounts which, together with other employer
20 contributions from trust, federal, and other funds, employee
21 contributions, investment income, and other income, will be
22 sufficient to meet the cost of maintaining and administering
23 the System on a 90% funded basis in accordance with actuarial
24 recommendations.

25 For the purposes of this Section and Section 14-135.08,

1 references to State contributions refer only to employer
2 contributions and do not include employee contributions that
3 are picked up or otherwise paid by the State or a department on
4 behalf of the employee.

5 (b) The Board shall determine the total amount of State
6 contributions required for each fiscal year on the basis of the
7 actuarial tables and other assumptions adopted by the Board,
8 using the formula in subsection (e).

9 The Board shall also determine a State contribution rate
10 for each fiscal year, expressed as a percentage of payroll,
11 based on the total required State contribution for that fiscal
12 year (less the amount received by the System from
13 appropriations under Section 8.12 of the State Finance Act and
14 Section 1 of the State Pension Funds Continuing Appropriation
15 Act, if any, for the fiscal year ending on the June 30
16 immediately preceding the applicable November 15 certification
17 deadline), the estimated payroll (including all forms of
18 compensation) for personal services rendered by eligible
19 employees, and the recommendations of the actuary.

20 For the purposes of this Section and Section 14.1 of the
21 State Finance Act, the term "eligible employees" includes
22 employees who participate in the System, persons who may elect
23 to participate in the System but have not so elected, persons
24 who are serving a qualifying period that is required for
25 participation, and annuitants employed by a department as
26 described in subdivision (a) (1) or (a) (2) of Section 14-111.

1 (c) Contributions shall be made by the several departments
2 for each pay period by warrants drawn by the State Comptroller
3 against their respective funds or appropriations based upon
4 vouchers stating the amount to be so contributed. These amounts
5 shall be based on the full rate certified by the Board under
6 Section 14-135.08 for that fiscal year. From the effective date
7 of this amendatory Act of the 93rd General Assembly through the
8 payment of the final payroll from fiscal year 2004
9 appropriations, the several departments shall not make
10 contributions for the remainder of fiscal year 2004 but shall
11 instead make payments as required under subsection (a-1) of
12 Section 14.1 of the State Finance Act. The several departments
13 shall resume those contributions at the commencement of fiscal
14 year 2005.

15 (c-1) Notwithstanding subsection (c) of this Section, for
16 fiscal year 2010 only, contributions by the several departments
17 are not required to be made for General Revenue Funds payrolls
18 processed by the Comptroller. Payrolls paid by the several
19 departments from all other State funds must continue to be
20 processed pursuant to subsection (c) of this Section.

21 (c-2) For State fiscal year 2010 only, on or as soon as
22 possible after the 15th day of each month the Board shall
23 submit vouchers for payment of State contributions to the
24 System, in a total monthly amount of one-twelfth of the fiscal
25 year 2010 General Revenue Fund appropriation to the System.

26 (c-3) Notwithstanding subsection (c) of this Section, for

1 fiscal year 2011 only, contributions by the several departments
2 are not required to be made for General Revenue Fund payrolls
3 processed by the Comptroller. Payrolls paid by the several
4 departments from all other State funds must continue to be
5 processed pursuant to subsection (c) of this Section.

6 (d) If an employee is paid from trust funds or federal
7 funds, the department or other employer shall pay employer
8 contributions from those funds to the System at the certified
9 rate, unless the terms of the trust or the federal-State
10 agreement preclude the use of the funds for that purpose, in
11 which case the required employer contributions shall be paid by
12 the State. From the effective date of this amendatory Act of
13 the 93rd General Assembly through the payment of the final
14 payroll from fiscal year 2004 appropriations, the department or
15 other employer shall not pay contributions for the remainder of
16 fiscal year 2004 but shall instead make payments as required
17 under subsection (a-1) of Section 14.1 of the State Finance
18 Act. The department or other employer shall resume payment of
19 contributions at the commencement of fiscal year 2005.

20 (e) For State fiscal years 2011 through 2045, the minimum
21 contribution to the System to be made by the State for each
22 fiscal year shall be an amount determined by the System to be
23 sufficient to bring the total assets of the System up to 90% of
24 the total actuarial liabilities of the System by the end of
25 State fiscal year 2045. In making these determinations, the
26 required State contribution shall be calculated each year as a

1 level percentage of payroll over the years remaining to and
2 including fiscal year 2045 and shall be determined under the
3 projected unit credit actuarial cost method.

4 For State fiscal years 1996 through 2005, the State
5 contribution to the System, as a percentage of the applicable
6 employee payroll, shall be increased in equal annual increments
7 so that by State fiscal year 2011, the State is contributing at
8 the rate required under this Section; except that (i) for State
9 fiscal year 1998, for all purposes of this Code and any other
10 law of this State, the certified percentage of the applicable
11 employee payroll shall be 5.052% for employees earning eligible
12 creditable service under Section 14-110 and 6.500% for all
13 other employees, notwithstanding any contrary certification
14 made under Section 14-135.08 before the effective date of this
15 amendatory Act of 1997, and (ii) in the following specified
16 State fiscal years, the State contribution to the System shall
17 not be less than the following indicated percentages of the
18 applicable employee payroll, even if the indicated percentage
19 will produce a State contribution in excess of the amount
20 otherwise required under this subsection and subsection (a):
21 9.8% in FY 1999; 10.0% in FY 2000; 10.2% in FY 2001; 10.4% in FY
22 2002; 10.6% in FY 2003; and 10.8% in FY 2004.

23 Notwithstanding any other provision of this Article, the
24 total required State contribution to the System for State
25 fiscal year 2006 is \$203,783,900.

26 Notwithstanding any other provision of this Article, the

1 total required State contribution to the System for State
2 fiscal year 2007 is \$344,164,400.

3 For each of State fiscal years 2008 through 2009, the State
4 contribution to the System, as a percentage of the applicable
5 employee payroll, shall be increased in equal annual increments
6 from the required State contribution for State fiscal year
7 2007, so that by State fiscal year 2011, the State is
8 contributing at the rate otherwise required under this Section.

9 Notwithstanding any other provision of this Article, the
10 total required State General Revenue Fund contribution for
11 State fiscal year 2010 is \$723,703,100 and shall be made from
12 the proceeds of bonds sold in fiscal year 2010 pursuant to
13 Section 7.2 of the General Obligation Bond Act, less (i) the
14 pro rata share of bond sale expenses determined by the System's
15 share of total bond proceeds, (ii) any amounts received from
16 the General Revenue Fund in fiscal year 2010, and (iii) any
17 reduction in bond proceeds due to the issuance of discounted
18 bonds, if applicable.

19 Notwithstanding any other provision of this Article, the
20 total required State General Revenue Fund contribution for
21 State fiscal year 2011 is the amount recertified by the System
22 pursuant to this amendatory Act of the 96th General Assembly.
23 Subject to the requirements of Section 7.2 of the General
24 Obligation Bond Act, the State contribution for fiscal year
25 2011 may be made through any combination of (i) the transfer of
26 bonds to the System in fiscal year 2011 and (ii) the proceeds

1 of bonds sold by negotiated sale in fiscal year 2011 pursuant
2 to Section 7.2 of the General Obligation Bond Act, less (A) the
3 pro rata share of bond sale expenses determined by the System's
4 share of total bond proceeds, (B) any amounts received from the
5 General Revenue Fund or the State Pensions Fund in fiscal year
6 2011, and (C) any reduction in bond proceeds due to the
7 issuance of discounted bonds, if applicable. If no bonds are
8 issued directly to the System in accordance with Section 7.2 of
9 the General Obligation Bond Act and if in the sole
10 determination of the Director of the Governor's Office of
11 Management and Budget market conditions do not support the
12 issuance of bonds by negotiated sale in order to make all or a
13 portion of the required contribution, he or she shall so inform
14 the System in writing and the State contribution for fiscal
15 year 2011 shall be only the System's pro rata share, based on
16 the amounts recertified by each System pursuant to this
17 amendatory Act of the 96th General Assembly, of the proceeds of
18 bonds issued, less (A) the pro rata share of bond sale expenses
19 determined by the System's share of total bond proceeds, (B)
20 any amounts received from the General Revenue Fund or the State
21 Pensions Fund in fiscal year 2011, and (C) any reduction in
22 bond proceeds due to the issuance of discounted bonds, if
23 applicable.

24 Beginning in State fiscal year 2046, the minimum State
25 contribution for each fiscal year shall be the amount needed to
26 maintain the total assets of the System at 90% of the total

1 actuarial liabilities of the System.

2 Amounts received by the System pursuant to Section 25 of
3 the Budget Stabilization Act or Section 8.12 of the State
4 Finance Act in any fiscal year do not reduce and do not
5 constitute payment of any portion of the minimum State
6 contribution required under this Article in that fiscal year.
7 Such amounts shall not reduce, and shall not be included in the
8 calculation of, the required State contributions under this
9 Article in any future year until the System has reached a
10 funding ratio of at least 90%. A reference in this Article to
11 the "required State contribution" or any substantially similar
12 term does not include or apply to any amounts payable to the
13 System under Section 25 of the Budget Stabilization Act.

14 Notwithstanding any other provision of this Section, the
15 required State contribution for State fiscal year 2005 and for
16 fiscal year 2008 and each fiscal year thereafter, as calculated
17 under this Section and certified under Section 14-135.08, shall
18 not exceed an amount equal to (i) the amount of the required
19 State contribution that would have been calculated under this
20 Section for that fiscal year if the System had not received any
21 payments under subsection (d) of Section 7.2 of the General
22 Obligation Bond Act, minus (ii) the portion of the State's
23 total debt service payments for that fiscal year on the bonds
24 issued for the purposes of that Section 7.2, as determined and
25 certified by the Comptroller, that is the same as the System's
26 portion of the total moneys distributed under subsection (d) of

1 Section 7.2 of the General Obligation Bond Act. In determining
2 this maximum for State fiscal years 2008 through 2010, however,
3 the amount referred to in item (i) shall be increased, as a
4 percentage of the applicable employee payroll, in equal
5 increments calculated from the sum of the required State
6 contribution for State fiscal year 2007 plus the applicable
7 portion of the State's total debt service payments for fiscal
8 year 2007 on the bonds issued for the purposes of Section 7.2
9 of the General Obligation Bond Act, so that, by State fiscal
10 year 2011, the State is contributing at the rate otherwise
11 required under this Section.

12 (f) After the submission of all payments for eligible
13 employees from personal services line items in fiscal year 2004
14 have been made, the Comptroller shall provide to the System a
15 certification of the sum of all fiscal year 2004 expenditures
16 for personal services that would have been covered by payments
17 to the System under this Section if the provisions of this
18 amendatory Act of the 93rd General Assembly had not been
19 enacted. Upon receipt of the certification, the System shall
20 determine the amount due to the System based on the full rate
21 certified by the Board under Section 14-135.08 for fiscal year
22 2004 in order to meet the State's obligation under this
23 Section. The System shall compare this amount due to the amount
24 received by the System in fiscal year 2004 through payments
25 under this Section and under Section 6z-61 of the State Finance
26 Act. If the amount due is more than the amount received, the

1 difference shall be termed the "Fiscal Year 2004 Shortfall" for
2 purposes of this Section, and the Fiscal Year 2004 Shortfall
3 shall be satisfied under Section 1.2 of the State Pension Funds
4 Continuing Appropriation Act. If the amount due is less than
5 the amount received, the difference shall be termed the "Fiscal
6 Year 2004 Overpayment" for purposes of this Section, and the
7 Fiscal Year 2004 Overpayment shall be repaid by the System to
8 the Pension Contribution Fund as soon as practicable after the
9 certification.

10 (g) For purposes of determining the required State
11 contribution to the System, the value of the System's assets
12 shall be equal to the actuarial value of the System's assets,
13 which shall be calculated as follows:

14 As of June 30, 2008, the actuarial value of the System's
15 assets shall be equal to the market value of the assets as of
16 that date. In determining the actuarial value of the System's
17 assets for fiscal years after June 30, 2008, any actuarial
18 gains or losses from investment return incurred in a fiscal
19 year shall be recognized in equal annual amounts over the
20 5-year period following that fiscal year.

21 (h) For purposes of determining the required State
22 contribution to the System for a particular year, the actuarial
23 value of assets shall be assumed to earn a rate of return equal
24 to the System's actuarially assumed rate of return.

25 (i) ~~(g)~~ After the submission of all payments for eligible
26 employees from personal services line items paid from the

1 General Revenue Fund in fiscal year 2010 have been made, the
2 Comptroller shall provide to the System a certification of the
3 sum of all fiscal year 2010 expenditures for personal services
4 that would have been covered by payments to the System under
5 this Section if the provisions of this amendatory Act of the
6 96th General Assembly had not been enacted. Upon receipt of the
7 certification, the System shall determine the amount due to the
8 System based on the full rate certified by the Board under
9 Section 14-135.08 for fiscal year 2010 in order to meet the
10 State's obligation under this Section. The System shall compare
11 this amount due to the amount received by the System in fiscal
12 year 2010 through payments under this Section. If the amount
13 due is more than the amount received, the difference shall be
14 termed the "Fiscal Year 2010 Shortfall" for purposes of this
15 Section, and the Fiscal Year 2010 Shortfall shall be satisfied
16 under Section 1.2 of the State Pension Funds Continuing
17 Appropriation Act. If the amount due is less than the amount
18 received, the difference shall be termed the "Fiscal Year 2010
19 Overpayment" for purposes of this Section, and the Fiscal Year
20 2010 Overpayment shall be repaid by the System to the General
21 Revenue Fund as soon as practicable after the certification.

22 (Source: P.A. 95-950, eff. 8-29-08; 96-43, eff. 7-15-09; 96-45,
23 eff. 7-15-09; revised 11-3-09.)

24 (40 ILCS 5/14-135.08) (from Ch. 108 1/2, par. 14-135.08)
25 Sec. 14-135.08. To certify required State contributions.

1 (a) To certify to the Governor and to each department, on
2 or before November 15 of each year, the required rate for State
3 contributions to the System for the next State fiscal year, as
4 determined under subsection (b) of Section 14-131. The
5 certification to the Governor shall include a copy of the
6 actuarial recommendations upon which the rate is based.

7 (b) The certification shall include an additional amount
8 necessary to pay all principal of and interest on those general
9 obligation bonds due the next fiscal year authorized by Section
10 7.2(a) of the General Obligation Bond Act and issued to provide
11 the proceeds deposited by the State with the System in July
12 2003, representing deposits other than amounts reserved under
13 Section 7.2(c) of the General Obligation Bond Act. For State
14 fiscal year 2005, the Board shall make a supplemental
15 certification of the additional amount necessary to pay all
16 principal of and interest on those general obligation bonds due
17 in State fiscal years 2004 and 2005 authorized by Section
18 7.2(a) of the General Obligation Bond Act and issued to provide
19 the proceeds deposited by the State with the System in July
20 2003, representing deposits other than amounts reserved under
21 Section 7.2(c) of the General Obligation Bond Act, as soon as
22 practical after the effective date of this amendatory Act of
23 the 93rd General Assembly.

24 On or before May 1, 2004, the Board shall recalculate and
25 recertify to the Governor and to each department the amount of
26 the required State contribution to the System and the required

1 rates for State contributions to the System for State fiscal
2 year 2005, taking into account the amounts appropriated to and
3 received by the System under subsection (d) of Section 7.2 of
4 the General Obligation Bond Act.

5 On or before July 1, 2005, the Board shall recalculate and
6 recertify to the Governor and to each department the amount of
7 the required State contribution to the System and the required
8 rates for State contributions to the System for State fiscal
9 year 2006, taking into account the changes in required State
10 contributions made by this amendatory Act of the 94th General
11 Assembly.

12 On or before May 15, 2010, the Board shall recalculate and
13 recertify to the Governor and to each department the amount of
14 the required State contribution to the System for State fiscal
15 year 2011, applying the changes made by Public Act 96-889 to
16 the System's assets and liabilities as of June 30, 2009 as
17 though Public Act 96-889 was approved on that date.

18 (Source: P.A. 93-2, eff. 4-7-03; 93-839, eff. 7-30-04; 94-4,
19 eff. 6-1-05.)

20 (40 ILCS 5/15-155) (from Ch. 108 1/2, par. 15-155)

21 Sec. 15-155. Employer contributions.

22 (a) The State of Illinois shall make contributions by
23 appropriations of amounts which, together with the other
24 employer contributions from trust, federal, and other funds,
25 employee contributions, income from investments, and other

1 income of this System, will be sufficient to meet the cost of
2 maintaining and administering the System on a 90% funded basis
3 in accordance with actuarial recommendations.

4 The Board shall determine the amount of State contributions
5 required for each fiscal year on the basis of the actuarial
6 tables and other assumptions adopted by the Board and the
7 recommendations of the actuary, using the formula in subsection
8 (a-1).

9 (a-1) For State fiscal years 2011 through 2045, the minimum
10 contribution to the System to be made by the State for each
11 fiscal year shall be an amount determined by the System to be
12 sufficient to bring the total assets of the System up to 90% of
13 the total actuarial liabilities of the System by the end of
14 State fiscal year 2045. In making these determinations, the
15 required State contribution shall be calculated each year as a
16 level percentage of payroll over the years remaining to and
17 including fiscal year 2045 and shall be determined under the
18 projected unit credit actuarial cost method.

19 For State fiscal years 1996 through 2005, the State
20 contribution to the System, as a percentage of the applicable
21 employee payroll, shall be increased in equal annual increments
22 so that by State fiscal year 2011, the State is contributing at
23 the rate required under this Section.

24 Notwithstanding any other provision of this Article, the
25 total required State contribution for State fiscal year 2006 is
26 \$166,641,900.

1 Notwithstanding any other provision of this Article, the
2 total required State contribution for State fiscal year 2007 is
3 \$252,064,100.

4 For each of State fiscal years 2008 through 2009, the State
5 contribution to the System, as a percentage of the applicable
6 employee payroll, shall be increased in equal annual increments
7 from the required State contribution for State fiscal year
8 2007, so that by State fiscal year 2011, the State is
9 contributing at the rate otherwise required under this Section.

10 Notwithstanding any other provision of this Article, the
11 total required State contribution for State fiscal year 2010 is
12 \$702,514,000 and shall be made from the State Pensions Fund and
13 proceeds of bonds sold in fiscal year 2010 pursuant to Section
14 7.2 of the General Obligation Bond Act, less (i) the pro rata
15 share of bond sale expenses determined by the System's share of
16 total bond proceeds, (ii) any amounts received from the General
17 Revenue Fund in fiscal year 2010, (iii) any reduction in bond
18 proceeds due to the issuance of discounted bonds, if
19 applicable.

20 Notwithstanding any other provision of this Article, the
21 total required State contribution for State fiscal year 2011 is
22 the amount recertified by the System pursuant to this
23 amendatory Act of the 96th General Assembly. Subject to the
24 requirements of Section 7.2 of the General Obligation Bond Act,
25 the State contribution for fiscal year 2011 may be made through
26 any combination of (i) the transfer of bonds to the System in

1 fiscal year 2011 and (ii) the proceeds of bonds sold by
2 negotiated sale in fiscal year 2011 pursuant to Section 7.2 of
3 the General Obligation Bond Act, less (A) the pro rata share of
4 bond sale expenses determined by the System's share of total
5 bond proceeds, (B) any amounts received from the General
6 Revenue Fund or the State Pensions Fund in fiscal year 2011,
7 and (C) any reduction in bond proceeds due to the issuance of
8 discounted bonds, if applicable. If no bonds are issued
9 directly to the System in accordance with Section 7.2 of the
10 General Obligation Bond Act and if in the sole determination of
11 the Director of the Governor's Office of Management and Budget
12 market conditions do not support the issuance of bonds by
13 negotiated sale in order to make all or a portion of the
14 required contribution, he or she shall so inform the System in
15 writing and the State contribution for fiscal year 2011 shall
16 be only the System's pro rata share, based on the amounts
17 recertified by each System pursuant to this amendatory Act of
18 the 96th General Assembly, of the proceeds of bonds issued,
19 less (A) the pro rata share of bond sale expenses determined by
20 the System's share of total bond proceeds, (B) any amounts
21 received from the General Revenue Fund or the State Pensions
22 Fund in fiscal year 2011, and (C) any reduction in bond
23 proceeds due to the issuance of discounted bonds, if
24 applicable.

25 Beginning in State fiscal year 2046, the minimum State
26 contribution for each fiscal year shall be the amount needed to

1 maintain the total assets of the System at 90% of the total
2 actuarial liabilities of the System.

3 Amounts received by the System pursuant to Section 25 of
4 the Budget Stabilization Act or Section 8.12 of the State
5 Finance Act in any fiscal year do not reduce and do not
6 constitute payment of any portion of the minimum State
7 contribution required under this Article in that fiscal year.
8 Such amounts shall not reduce, and shall not be included in the
9 calculation of, the required State contributions under this
10 Article in any future year until the System has reached a
11 funding ratio of at least 90%. A reference in this Article to
12 the "required State contribution" or any substantially similar
13 term does not include or apply to any amounts payable to the
14 System under Section 25 of the Budget Stabilization Act.

15 Notwithstanding any other provision of this Section, the
16 required State contribution for State fiscal year 2005 and for
17 fiscal year 2008 and each fiscal year thereafter, as calculated
18 under this Section and certified under Section 15-165, shall
19 not exceed an amount equal to (i) the amount of the required
20 State contribution that would have been calculated under this
21 Section for that fiscal year if the System had not received any
22 payments under subsection (d) of Section 7.2 of the General
23 Obligation Bond Act, minus (ii) the portion of the State's
24 total debt service payments for that fiscal year on the bonds
25 issued for the purposes of that Section 7.2, as determined and
26 certified by the Comptroller, that is the same as the System's

1 portion of the total moneys distributed under subsection (d) of
2 Section 7.2 of the General Obligation Bond Act. In determining
3 this maximum for State fiscal years 2008 through 2010, however,
4 the amount referred to in item (i) shall be increased, as a
5 percentage of the applicable employee payroll, in equal
6 increments calculated from the sum of the required State
7 contribution for State fiscal year 2007 plus the applicable
8 portion of the State's total debt service payments for fiscal
9 year 2007 on the bonds issued for the purposes of Section 7.2
10 of the General Obligation Bond Act, so that, by State fiscal
11 year 2011, the State is contributing at the rate otherwise
12 required under this Section.

13 (b) If an employee is paid from trust or federal funds, the
14 employer shall pay to the Board contributions from those funds
15 which are sufficient to cover the accruing normal costs on
16 behalf of the employee. However, universities having employees
17 who are compensated out of local auxiliary funds, income funds,
18 or service enterprise funds are not required to pay such
19 contributions on behalf of those employees. The local auxiliary
20 funds, income funds, and service enterprise funds of
21 universities shall not be considered trust funds for the
22 purpose of this Article, but funds of alumni associations,
23 foundations, and athletic associations which are affiliated
24 with the universities included as employers under this Article
25 and other employers which do not receive State appropriations
26 are considered to be trust funds for the purpose of this

1 Article.

2 (b-1) The City of Urbana and the City of Champaign shall
3 each make employer contributions to this System for their
4 respective firefighter employees who participate in this
5 System pursuant to subsection (h) of Section 15-107. The rate
6 of contributions to be made by those municipalities shall be
7 determined annually by the Board on the basis of the actuarial
8 assumptions adopted by the Board and the recommendations of the
9 actuary, and shall be expressed as a percentage of salary for
10 each such employee. The Board shall certify the rate to the
11 affected municipalities as soon as may be practical. The
12 employer contributions required under this subsection shall be
13 remitted by the municipality to the System at the same time and
14 in the same manner as employee contributions.

15 (c) Through State fiscal year 1995: The total employer
16 contribution shall be apportioned among the various funds of
17 the State and other employers, whether trust, federal, or other
18 funds, in accordance with actuarial procedures approved by the
19 Board. State of Illinois contributions for employers receiving
20 State appropriations for personal services shall be payable
21 from appropriations made to the employers or to the System. The
22 contributions for Class I community colleges covering earnings
23 other than those paid from trust and federal funds, shall be
24 payable solely from appropriations to the Illinois Community
25 College Board or the System for employer contributions.

26 (d) Beginning in State fiscal year 1996, the required State

1 contributions to the System shall be appropriated directly to
2 the System and shall be payable through vouchers issued in
3 accordance with subsection (c) of Section 15-165, except as
4 provided in subsection (g).

5 (e) The State Comptroller shall draw warrants payable to
6 the System upon proper certification by the System or by the
7 employer in accordance with the appropriation laws and this
8 Code.

9 (f) Normal costs under this Section means liability for
10 pensions and other benefits which accrues to the System because
11 of the credits earned for service rendered by the participants
12 during the fiscal year and expenses of administering the
13 System, but shall not include the principal of or any
14 redemption premium or interest on any bonds issued by the Board
15 or any expenses incurred or deposits required in connection
16 therewith.

17 (g) If the amount of a participant's earnings for any
18 academic year used to determine the final rate of earnings,
19 determined on a full-time equivalent basis, exceeds the amount
20 of his or her earnings with the same employer for the previous
21 academic year, determined on a full-time equivalent basis, by
22 more than 6%, the participant's employer shall pay to the
23 System, in addition to all other payments required under this
24 Section and in accordance with guidelines established by the
25 System, the present value of the increase in benefits resulting
26 from the portion of the increase in earnings that is in excess

1 of 6%. This present value shall be computed by the System on
2 the basis of the actuarial assumptions and tables used in the
3 most recent actuarial valuation of the System that is available
4 at the time of the computation. The System may require the
5 employer to provide any pertinent information or
6 documentation.

7 Whenever it determines that a payment is or may be required
8 under this subsection (g), the System shall calculate the
9 amount of the payment and bill the employer for that amount.
10 The bill shall specify the calculations used to determine the
11 amount due. If the employer disputes the amount of the bill, it
12 may, within 30 days after receipt of the bill, apply to the
13 System in writing for a recalculation. The application must
14 specify in detail the grounds of the dispute and, if the
15 employer asserts that the calculation is subject to subsection
16 (h) or (i) of this Section, must include an affidavit setting
17 forth and attesting to all facts within the employer's
18 knowledge that are pertinent to the applicability of subsection
19 (h) or (i). Upon receiving a timely application for
20 recalculation, the System shall review the application and, if
21 appropriate, recalculate the amount due.

22 The employer contributions required under this subsection
23 (f) may be paid in the form of a lump sum within 90 days after
24 receipt of the bill. If the employer contributions are not paid
25 within 90 days after receipt of the bill, then interest will be
26 charged at a rate equal to the System's annual actuarially

1 assumed rate of return on investment compounded annually from
2 the 91st day after receipt of the bill. Payments must be
3 concluded within 3 years after the employer's receipt of the
4 bill.

5 (h) This subsection (h) applies only to payments made or
6 salary increases given on or after June 1, 2005 but before July
7 1, 2011. The changes made by Public Act 94-1057 shall not
8 require the System to refund any payments received before July
9 31, 2006 (the effective date of Public Act 94-1057).

10 When assessing payment for any amount due under subsection
11 (g), the System shall exclude earnings increases paid to
12 participants under contracts or collective bargaining
13 agreements entered into, amended, or renewed before June 1,
14 2005.

15 When assessing payment for any amount due under subsection
16 (g), the System shall exclude earnings increases paid to a
17 participant at a time when the participant is 10 or more years
18 from retirement eligibility under Section 15-135.

19 When assessing payment for any amount due under subsection
20 (g), the System shall exclude earnings increases resulting from
21 overload work, including a contract for summer teaching, or
22 overtime when the employer has certified to the System, and the
23 System has approved the certification, that: (i) in the case of
24 overloads (A) the overload work is for the sole purpose of
25 academic instruction in excess of the standard number of
26 instruction hours for a full-time employee occurring during the

1 academic year that the overload is paid and (B) the earnings
2 increases are equal to or less than the rate of pay for
3 academic instruction computed using the participant's current
4 salary rate and work schedule; and (ii) in the case of
5 overtime, the overtime was necessary for the educational
6 mission.

7 When assessing payment for any amount due under subsection
8 (g), the System shall exclude any earnings increase resulting
9 from (i) a promotion for which the employee moves from one
10 classification to a higher classification under the State
11 Universities Civil Service System, (ii) a promotion in academic
12 rank for a tenured or tenure-track faculty position, or (iii) a
13 promotion that the Illinois Community College Board has
14 recommended in accordance with subsection (k) of this Section.
15 These earnings increases shall be excluded only if the
16 promotion is to a position that has existed and been filled by
17 a member for no less than one complete academic year and the
18 earnings increase as a result of the promotion is an increase
19 that results in an amount no greater than the average salary
20 paid for other similar positions.

21 (i) When assessing payment for any amount due under
22 subsection (g), the System shall exclude any salary increase
23 described in subsection (h) of this Section given on or after
24 July 1, 2011 but before July 1, 2014 under a contract or
25 collective bargaining agreement entered into, amended, or
26 renewed on or after June 1, 2005 but before July 1, 2011.

1 Notwithstanding any other provision of this Section, any
2 payments made or salary increases given after June 30, 2014
3 shall be used in assessing payment for any amount due under
4 subsection (g) of this Section.

5 (j) The System shall prepare a report and file copies of
6 the report with the Governor and the General Assembly by
7 January 1, 2007 that contains all of the following information:

8 (1) The number of recalculations required by the
9 changes made to this Section by Public Act 94-1057 for each
10 employer.

11 (2) The dollar amount by which each employer's
12 contribution to the System was changed due to
13 recalculations required by Public Act 94-1057.

14 (3) The total amount the System received from each
15 employer as a result of the changes made to this Section by
16 Public Act 94-4.

17 (4) The increase in the required State contribution
18 resulting from the changes made to this Section by Public
19 Act 94-1057.

20 (k) The Illinois Community College Board shall adopt rules
21 for recommending lists of promotional positions submitted to
22 the Board by community colleges and for reviewing the
23 promotional lists on an annual basis. When recommending
24 promotional lists, the Board shall consider the similarity of
25 the positions submitted to those positions recognized for State
26 universities by the State Universities Civil Service System.

1 The Illinois Community College Board shall file a copy of its
2 findings with the System. The System shall consider the
3 findings of the Illinois Community College Board when making
4 determinations under this Section. The System shall not exclude
5 any earnings increases resulting from a promotion when the
6 promotion was not submitted by a community college. Nothing in
7 this subsection (k) shall require any community college to
8 submit any information to the Community College Board.

9 (l) For purposes of determining the required State
10 contribution to the System, the value of the System's assets
11 shall be equal to the actuarial value of the System's assets,
12 which shall be calculated as follows:

13 As of June 30, 2008, the actuarial value of the System's
14 assets shall be equal to the market value of the assets as of
15 that date. In determining the actuarial value of the System's
16 assets for fiscal years after June 30, 2008, any actuarial
17 gains or losses from investment return incurred in a fiscal
18 year shall be recognized in equal annual amounts over the
19 5-year period following that fiscal year.

20 (m) For purposes of determining the required State
21 contribution to the system for a particular year, the actuarial
22 value of assets shall be assumed to earn a rate of return equal
23 to the system's actuarially assumed rate of return.

24 (Source: P.A. 95-331, eff. 8-21-07; 95-950, eff. 8-29-08;
25 96-43, eff. 7-15-09.)

1 (40 ILCS 5/15-165) (from Ch. 108 1/2, par. 15-165)

2 Sec. 15-165. To certify amounts and submit vouchers.

3 (a) The Board shall certify to the Governor on or before
4 November 15 of each year the appropriation required from State
5 funds for the purposes of this System for the following fiscal
6 year. The certification shall include a copy of the actuarial
7 recommendations upon which it is based.

8 On or before May 1, 2004, the Board shall recalculate and
9 recertify to the Governor the amount of the required State
10 contribution to the System for State fiscal year 2005, taking
11 into account the amounts appropriated to and received by the
12 System under subsection (d) of Section 7.2 of the General
13 Obligation Bond Act.

14 On or before July 1, 2005, the Board shall recalculate and
15 recertify to the Governor the amount of the required State
16 contribution to the System for State fiscal year 2006, taking
17 into account the changes in required State contributions made
18 by this amendatory Act of the 94th General Assembly.

19 On or before May 15, 2010, the Board shall recalculate and
20 recertify to the Governor the amount of the required State
21 contribution to the System for State fiscal year 2011, applying
22 the changes made by Public Act 96-889 to the System's assets
23 and liabilities as of June 30, 2009 as though Public Act 96-889
24 was approved on that date.

25 (b) The Board shall certify to the State Comptroller or
26 employer, as the case may be, from time to time, by its

1 president and secretary, with its seal attached, the amounts
2 payable to the System from the various funds.

3 (c) Beginning in State fiscal year 1996, on or as soon as
4 possible after the 15th day of each month the Board shall
5 submit vouchers for payment of State contributions to the
6 System, in a total monthly amount of one-twelfth of the
7 required annual State contribution certified under subsection
8 (a). From the effective date of this amendatory Act of the 93rd
9 General Assembly through June 30, 2004, the Board shall not
10 submit vouchers for the remainder of fiscal year 2004 in excess
11 of the fiscal year 2004 certified contribution amount
12 determined under this Section after taking into consideration
13 the transfer to the System under subsection (b) of Section
14 6z-61 of the State Finance Act. These vouchers shall be paid by
15 the State Comptroller and Treasurer by warrants drawn on the
16 funds appropriated to the System for that fiscal year.

17 If in any month the amount remaining unexpended from all
18 other appropriations to the System for the applicable fiscal
19 year (including the appropriations to the System under Section
20 8.12 of the State Finance Act and Section 1 of the State
21 Pension Funds Continuing Appropriation Act) is less than the
22 amount lawfully vouchered under this Section, the difference
23 shall be paid from the General Revenue Fund under the
24 continuing appropriation authority provided in Section 1.1 of
25 the State Pension Funds Continuing Appropriation Act.

26 (d) So long as the payments received are the full amount

1 lawfully vouchered under this Section, payments received by the
2 System under this Section shall be applied first toward the
3 employer contribution to the self-managed plan established
4 under Section 15-158.2. Payments shall be applied second toward
5 the employer's portion of the normal costs of the System, as
6 defined in subsection (f) of Section 15-155. The balance shall
7 be applied toward the unfunded actuarial liabilities of the
8 System.

9 (e) In the event that the System does not receive, as a
10 result of legislative enactment or otherwise, payments
11 sufficient to fully fund the employer contribution to the
12 self-managed plan established under Section 15-158.2 and to
13 fully fund that portion of the employer's portion of the normal
14 costs of the System, as calculated in accordance with Section
15 15-155(a-1), then any payments received shall be applied
16 proportionately to the optional retirement program established
17 under Section 15-158.2 and to the employer's portion of the
18 normal costs of the System, as calculated in accordance with
19 Section 15-155(a-1).

20 (Source: P.A. 93-2, eff. 4-7-03; 93-665, eff. 3-5-04; 94-4,
21 eff. 6-1-05.)

22 (40 ILCS 5/16-158) (from Ch. 108 1/2, par. 16-158)

23 Sec. 16-158. Contributions by State and other employing
24 units.

25 (a) The State shall make contributions to the System by

1 means of appropriations from the Common School Fund and other
2 State funds of amounts which, together with other employer
3 contributions, employee contributions, investment income, and
4 other income, will be sufficient to meet the cost of
5 maintaining and administering the System on a 90% funded basis
6 in accordance with actuarial recommendations.

7 The Board shall determine the amount of State contributions
8 required for each fiscal year on the basis of the actuarial
9 tables and other assumptions adopted by the Board and the
10 recommendations of the actuary, using the formula in subsection
11 (b-3).

12 (a-1) Annually, on or before November 15, the Board shall
13 certify to the Governor the amount of the required State
14 contribution for the coming fiscal year. The certification
15 shall include a copy of the actuarial recommendations upon
16 which it is based.

17 On or before May 1, 2004, the Board shall recalculate and
18 recertify to the Governor the amount of the required State
19 contribution to the System for State fiscal year 2005, taking
20 into account the amounts appropriated to and received by the
21 System under subsection (d) of Section 7.2 of the General
22 Obligation Bond Act.

23 On or before July 1, 2005, the Board shall recalculate and
24 recertify to the Governor the amount of the required State
25 contribution to the System for State fiscal year 2006, taking
26 into account the changes in required State contributions made

1 by this amendatory Act of the 94th General Assembly.

2 On or before May 15, 2010, the Board shall recalculate and
3 recertify to the Governor the amount of the required State
4 contribution to the System for State fiscal year 2011, applying
5 the changes made by Public Act 96-889 to the System's assets
6 and liabilities as of June 30, 2009 as though Public Act 96-889
7 was approved on that date.

8 (b) Through State fiscal year 1995, the State contributions
9 shall be paid to the System in accordance with Section 18-7 of
10 the School Code.

11 (b-1) Beginning in State fiscal year 1996, on the 15th day
12 of each month, or as soon thereafter as may be practicable, the
13 Board shall submit vouchers for payment of State contributions
14 to the System, in a total monthly amount of one-twelfth of the
15 required annual State contribution certified under subsection
16 (a-1). From the effective date of this amendatory Act of the
17 93rd General Assembly through June 30, 2004, the Board shall
18 not submit vouchers for the remainder of fiscal year 2004 in
19 excess of the fiscal year 2004 certified contribution amount
20 determined under this Section after taking into consideration
21 the transfer to the System under subsection (a) of Section
22 6z-61 of the State Finance Act. These vouchers shall be paid by
23 the State Comptroller and Treasurer by warrants drawn on the
24 funds appropriated to the System for that fiscal year.

25 If in any month the amount remaining unexpended from all
26 other appropriations to the System for the applicable fiscal

1 year (including the appropriations to the System under Section
2 8.12 of the State Finance Act and Section 1 of the State
3 Pension Funds Continuing Appropriation Act) is less than the
4 amount lawfully vouchered under this subsection, the
5 difference shall be paid from the Common School Fund under the
6 continuing appropriation authority provided in Section 1.1 of
7 the State Pension Funds Continuing Appropriation Act.

8 (b-2) Allocations from the Common School Fund apportioned
9 to school districts not coming under this System shall not be
10 diminished or affected by the provisions of this Article.

11 (b-3) For State fiscal years 2011 through 2045, the minimum
12 contribution to the System to be made by the State for each
13 fiscal year shall be an amount determined by the System to be
14 sufficient to bring the total assets of the System up to 90% of
15 the total actuarial liabilities of the System by the end of
16 State fiscal year 2045. In making these determinations, the
17 required State contribution shall be calculated each year as a
18 level percentage of payroll over the years remaining to and
19 including fiscal year 2045 and shall be determined under the
20 projected unit credit actuarial cost method.

21 For State fiscal years 1996 through 2005, the State
22 contribution to the System, as a percentage of the applicable
23 employee payroll, shall be increased in equal annual increments
24 so that by State fiscal year 2011, the State is contributing at
25 the rate required under this Section; except that in the
26 following specified State fiscal years, the State contribution

1 to the System shall not be less than the following indicated
2 percentages of the applicable employee payroll, even if the
3 indicated percentage will produce a State contribution in
4 excess of the amount otherwise required under this subsection
5 and subsection (a), and notwithstanding any contrary
6 certification made under subsection (a-1) before the effective
7 date of this amendatory Act of 1998: 10.02% in FY 1999; 10.77%
8 in FY 2000; 11.47% in FY 2001; 12.16% in FY 2002; 12.86% in FY
9 2003; and 13.56% in FY 2004.

10 Notwithstanding any other provision of this Article, the
11 total required State contribution for State fiscal year 2006 is
12 \$534,627,700.

13 Notwithstanding any other provision of this Article, the
14 total required State contribution for State fiscal year 2007 is
15 \$738,014,500.

16 For each of State fiscal years 2008 through 2009, the State
17 contribution to the System, as a percentage of the applicable
18 employee payroll, shall be increased in equal annual increments
19 from the required State contribution for State fiscal year
20 2007, so that by State fiscal year 2011, the State is
21 contributing at the rate otherwise required under this Section.

22 Notwithstanding any other provision of this Article, the
23 total required State contribution for State fiscal year 2010 is
24 \$2,089,268,000 and shall be made from the proceeds of bonds
25 sold in fiscal year 2010 pursuant to Section 7.2 of the General
26 Obligation Bond Act, less (i) the pro rata share of bond sale

1 expenses determined by the System's share of total bond
2 proceeds, (ii) any amounts received from the Common School Fund
3 in fiscal year 2010, and (iii) any reduction in bond proceeds
4 due to the issuance of discounted bonds, if applicable.

5 Notwithstanding any other provision of this Article, the
6 total required State contribution for State fiscal year 2011 is
7 the amount recertified by the System pursuant to this
8 amendatory Act of the 96th General Assembly. Subject to the
9 requirements of Section 7.2 of the General Obligation Bond Act,
10 the State contribution for fiscal year 2011 may be made through
11 any combination of (i) the transfer of bonds to the System in
12 fiscal year 2011 and (ii) the proceeds of bonds sold by
13 negotiated sale in fiscal year 2011 pursuant to Section 7.2 of
14 the General Obligation Bond Act, less (A) the pro rata share of
15 bond sale expenses determined by the System's share of total
16 bond proceeds, (B) any amounts received from the General
17 Revenue Fund, the Common School Fund, or the State Pensions
18 Fund in fiscal year 2011, and (C) any reduction in bond
19 proceeds due to the issuance of discounted bonds, if
20 applicable. If no bonds are issued directly to the System in
21 accordance with Section 7.2 of the General Obligation Bond Act
22 and if in the sole determination of the Director of the
23 Governor's Office of Management and Budget market conditions do
24 not support the issuance of bonds by negotiated sale in order
25 to make all or a portion of the required contribution, he or
26 she shall so inform the System in writing and the State

1 contribution for fiscal year 2011 shall be only the System's
2 pro rata share, based on the amounts recertified by each System
3 pursuant to this amendatory Act of the 96th General Assembly,
4 of the proceeds of bonds issued, less (A) the pro rata share of
5 bond sale expenses determined by the System's share of total
6 bond proceeds, (B) any amounts received from the General
7 Revenue Fund, the Common School Fund, or the State Pensions
8 Fund in fiscal year 2011, and (C) any reduction in bond
9 proceeds due to the issuance of discounted bonds, if
10 applicable.

11 Beginning in State fiscal year 2046, the minimum State
12 contribution for each fiscal year shall be the amount needed to
13 maintain the total assets of the System at 90% of the total
14 actuarial liabilities of the System.

15 Amounts received by the System pursuant to Section 25 of
16 the Budget Stabilization Act or Section 8.12 of the State
17 Finance Act in any fiscal year do not reduce and do not
18 constitute payment of any portion of the minimum State
19 contribution required under this Article in that fiscal year.
20 Such amounts shall not reduce, and shall not be included in the
21 calculation of, the required State contributions under this
22 Article in any future year until the System has reached a
23 funding ratio of at least 90%. A reference in this Article to
24 the "required State contribution" or any substantially similar
25 term does not include or apply to any amounts payable to the
26 System under Section 25 of the Budget Stabilization Act.

1 Notwithstanding any other provision of this Section, the
2 required State contribution for State fiscal year 2005 and for
3 fiscal year 2008 and each fiscal year thereafter, as calculated
4 under this Section and certified under subsection (a-1), shall
5 not exceed an amount equal to (i) the amount of the required
6 State contribution that would have been calculated under this
7 Section for that fiscal year if the System had not received any
8 payments under subsection (d) of Section 7.2 of the General
9 Obligation Bond Act, minus (ii) the portion of the State's
10 total debt service payments for that fiscal year on the bonds
11 issued for the purposes of that Section 7.2, as determined and
12 certified by the Comptroller, that is the same as the System's
13 portion of the total moneys distributed under subsection (d) of
14 Section 7.2 of the General Obligation Bond Act. In determining
15 this maximum for State fiscal years 2008 through 2010, however,
16 the amount referred to in item (i) shall be increased, as a
17 percentage of the applicable employee payroll, in equal
18 increments calculated from the sum of the required State
19 contribution for State fiscal year 2007 plus the applicable
20 portion of the State's total debt service payments for fiscal
21 year 2007 on the bonds issued for the purposes of Section 7.2
22 of the General Obligation Bond Act, so that, by State fiscal
23 year 2011, the State is contributing at the rate otherwise
24 required under this Section.

25 (c) Payment of the required State contributions and of all
26 pensions, retirement annuities, death benefits, refunds, and

1 other benefits granted under or assumed by this System, and all
2 expenses in connection with the administration and operation
3 thereof, are obligations of the State.

4 If members are paid from special trust or federal funds
5 which are administered by the employing unit, whether school
6 district or other unit, the employing unit shall pay to the
7 System from such funds the full accruing retirement costs based
8 upon that service, as determined by the System. Employer
9 contributions, based on salary paid to members from federal
10 funds, may be forwarded by the distributing agency of the State
11 of Illinois to the System prior to allocation, in an amount
12 determined in accordance with guidelines established by such
13 agency and the System.

14 (d) Effective July 1, 1986, any employer of a teacher as
15 defined in paragraph (8) of Section 16-106 shall pay the
16 employer's normal cost of benefits based upon the teacher's
17 service, in addition to employee contributions, as determined
18 by the System. Such employer contributions shall be forwarded
19 monthly in accordance with guidelines established by the
20 System.

21 However, with respect to benefits granted under Section
22 16-133.4 or 16-133.5 to a teacher as defined in paragraph (8)
23 of Section 16-106, the employer's contribution shall be 12%
24 (rather than 20%) of the member's highest annual salary rate
25 for each year of creditable service granted, and the employer
26 shall also pay the required employee contribution on behalf of

1 the teacher. For the purposes of Sections 16-133.4 and
2 16-133.5, a teacher as defined in paragraph (8) of Section
3 16-106 who is serving in that capacity while on leave of
4 absence from another employer under this Article shall not be
5 considered an employee of the employer from which the teacher
6 is on leave.

7 (e) Beginning July 1, 1998, every employer of a teacher
8 shall pay to the System an employer contribution computed as
9 follows:

10 (1) Beginning July 1, 1998 through June 30, 1999, the
11 employer contribution shall be equal to 0.3% of each
12 teacher's salary.

13 (2) Beginning July 1, 1999 and thereafter, the employer
14 contribution shall be equal to 0.58% of each teacher's
15 salary.

16 The school district or other employing unit may pay these
17 employer contributions out of any source of funding available
18 for that purpose and shall forward the contributions to the
19 System on the schedule established for the payment of member
20 contributions.

21 These employer contributions are intended to offset a
22 portion of the cost to the System of the increases in
23 retirement benefits resulting from this amendatory Act of 1998.

24 Each employer of teachers is entitled to a credit against
25 the contributions required under this subsection (e) with
26 respect to salaries paid to teachers for the period January 1,

1 2002 through June 30, 2003, equal to the amount paid by that
2 employer under subsection (a-5) of Section 6.6 of the State
3 Employees Group Insurance Act of 1971 with respect to salaries
4 paid to teachers for that period.

5 The additional 1% employee contribution required under
6 Section 16-152 by this amendatory Act of 1998 is the
7 responsibility of the teacher and not the teacher's employer,
8 unless the employer agrees, through collective bargaining or
9 otherwise, to make the contribution on behalf of the teacher.

10 If an employer is required by a contract in effect on May
11 1, 1998 between the employer and an employee organization to
12 pay, on behalf of all its full-time employees covered by this
13 Article, all mandatory employee contributions required under
14 this Article, then the employer shall be excused from paying
15 the employer contribution required under this subsection (e)
16 for the balance of the term of that contract. The employer and
17 the employee organization shall jointly certify to the System
18 the existence of the contractual requirement, in such form as
19 the System may prescribe. This exclusion shall cease upon the
20 termination, extension, or renewal of the contract at any time
21 after May 1, 1998.

22 (f) If the amount of a teacher's salary for any school year
23 used to determine final average salary exceeds the member's
24 annual full-time salary rate with the same employer for the
25 previous school year by more than 6%, the teacher's employer
26 shall pay to the System, in addition to all other payments

1 required under this Section and in accordance with guidelines
2 established by the System, the present value of the increase in
3 benefits resulting from the portion of the increase in salary
4 that is in excess of 6%. This present value shall be computed
5 by the System on the basis of the actuarial assumptions and
6 tables used in the most recent actuarial valuation of the
7 System that is available at the time of the computation. If a
8 teacher's salary for the 2005-2006 school year is used to
9 determine final average salary under this subsection (f), then
10 the changes made to this subsection (f) by Public Act 94-1057
11 shall apply in calculating whether the increase in his or her
12 salary is in excess of 6%. For the purposes of this Section,
13 change in employment under Section 10-21.12 of the School Code
14 on or after June 1, 2005 shall constitute a change in employer.
15 The System may require the employer to provide any pertinent
16 information or documentation. The changes made to this
17 subsection (f) by this amendatory Act of the 94th General
18 Assembly apply without regard to whether the teacher was in
19 service on or after its effective date.

20 Whenever it determines that a payment is or may be required
21 under this subsection, the System shall calculate the amount of
22 the payment and bill the employer for that amount. The bill
23 shall specify the calculations used to determine the amount
24 due. If the employer disputes the amount of the bill, it may,
25 within 30 days after receipt of the bill, apply to the System
26 in writing for a recalculation. The application must specify in

1 detail the grounds of the dispute and, if the employer asserts
2 that the calculation is subject to subsection (g) or (h) of
3 this Section, must include an affidavit setting forth and
4 attesting to all facts within the employer's knowledge that are
5 pertinent to the applicability of that subsection. Upon
6 receiving a timely application for recalculation, the System
7 shall review the application and, if appropriate, recalculate
8 the amount due.

9 The employer contributions required under this subsection
10 (f) may be paid in the form of a lump sum within 90 days after
11 receipt of the bill. If the employer contributions are not paid
12 within 90 days after receipt of the bill, then interest will be
13 charged at a rate equal to the System's annual actuarially
14 assumed rate of return on investment compounded annually from
15 the 91st day after receipt of the bill. Payments must be
16 concluded within 3 years after the employer's receipt of the
17 bill.

18 (g) This subsection (g) applies only to payments made or
19 salary increases given on or after June 1, 2005 but before July
20 1, 2011. The changes made by Public Act 94-1057 shall not
21 require the System to refund any payments received before July
22 31, 2006 (the effective date of Public Act 94-1057).

23 When assessing payment for any amount due under subsection
24 (f), the System shall exclude salary increases paid to teachers
25 under contracts or collective bargaining agreements entered
26 into, amended, or renewed before June 1, 2005.

1 When assessing payment for any amount due under subsection
2 (f), the System shall exclude salary increases paid to a
3 teacher at a time when the teacher is 10 or more years from
4 retirement eligibility under Section 16-132 or 16-133.2.

5 When assessing payment for any amount due under subsection
6 (f), the System shall exclude salary increases resulting from
7 overload work, including summer school, when the school
8 district has certified to the System, and the System has
9 approved the certification, that (i) the overload work is for
10 the sole purpose of classroom instruction in excess of the
11 standard number of classes for a full-time teacher in a school
12 district during a school year and (ii) the salary increases are
13 equal to or less than the rate of pay for classroom instruction
14 computed on the teacher's current salary and work schedule.

15 When assessing payment for any amount due under subsection
16 (f), the System shall exclude a salary increase resulting from
17 a promotion (i) for which the employee is required to hold a
18 certificate or supervisory endorsement issued by the State
19 Teacher Certification Board that is a different certification
20 or supervisory endorsement than is required for the teacher's
21 previous position and (ii) to a position that has existed and
22 been filled by a member for no less than one complete academic
23 year and the salary increase from the promotion is an increase
24 that results in an amount no greater than the lesser of the
25 average salary paid for other similar positions in the district
26 requiring the same certification or the amount stipulated in

1 the collective bargaining agreement for a similar position
2 requiring the same certification.

3 When assessing payment for any amount due under subsection
4 (f), the System shall exclude any payment to the teacher from
5 the State of Illinois or the State Board of Education over
6 which the employer does not have discretion, notwithstanding
7 that the payment is included in the computation of final
8 average salary.

9 (h) When assessing payment for any amount due under
10 subsection (f), the System shall exclude any salary increase
11 described in subsection (g) of this Section given on or after
12 July 1, 2011 but before July 1, 2014 under a contract or
13 collective bargaining agreement entered into, amended, or
14 renewed on or after June 1, 2005 but before July 1, 2011.
15 Notwithstanding any other provision of this Section, any
16 payments made or salary increases given after June 30, 2014
17 shall be used in assessing payment for any amount due under
18 subsection (f) of this Section.

19 (i) The System shall prepare a report and file copies of
20 the report with the Governor and the General Assembly by
21 January 1, 2007 that contains all of the following information:

22 (1) The number of recalculations required by the
23 changes made to this Section by Public Act 94-1057 for each
24 employer.

25 (2) The dollar amount by which each employer's
26 contribution to the System was changed due to

1 recalculations required by Public Act 94-1057.

2 (3) The total amount the System received from each
3 employer as a result of the changes made to this Section by
4 Public Act 94-4.

5 (4) The increase in the required State contribution
6 resulting from the changes made to this Section by Public
7 Act 94-1057.

8 (j) For purposes of determining the required State
9 contribution to the System, the value of the System's assets
10 shall be equal to the actuarial value of the System's assets,
11 which shall be calculated as follows:

12 As of June 30, 2008, the actuarial value of the System's
13 assets shall be equal to the market value of the assets as of
14 that date. In determining the actuarial value of the System's
15 assets for fiscal years after June 30, 2008, any actuarial
16 gains or losses from investment return incurred in a fiscal
17 year shall be recognized in equal annual amounts over the
18 5-year period following that fiscal year.

19 (k) For purposes of determining the required State
20 contribution to the system for a particular year, the actuarial
21 value of assets shall be assumed to earn a rate of return equal
22 to the system's actuarially assumed rate of return.

23 (Source: P.A. 95-331, eff. 8-21-07; 95-950, eff. 8-29-08;
24 96-43, eff. 7-15-09.)

25 (40 ILCS 5/18-131) (from Ch. 108 1/2, par. 18-131)

1 Sec. 18-131. Financing; employer contributions.

2 (a) The State of Illinois shall make contributions to this
3 System by appropriations of the amounts which, together with
4 the contributions of participants, net earnings on
5 investments, and other income, will meet the costs of
6 maintaining and administering this System on a 90% funded basis
7 in accordance with actuarial recommendations.

8 (b) The Board shall determine the amount of State
9 contributions required for each fiscal year on the basis of the
10 actuarial tables and other assumptions adopted by the Board and
11 the prescribed rate of interest, using the formula in
12 subsection (c).

13 (c) For State fiscal years 2011 through 2045, the minimum
14 contribution to the System to be made by the State for each
15 fiscal year shall be an amount determined by the System to be
16 sufficient to bring the total assets of the System up to 90% of
17 the total actuarial liabilities of the System by the end of
18 State fiscal year 2045. In making these determinations, the
19 required State contribution shall be calculated each year as a
20 level percentage of payroll over the years remaining to and
21 including fiscal year 2045 and shall be determined under the
22 projected unit credit actuarial cost method.

23 For State fiscal years 1996 through 2005, the State
24 contribution to the System, as a percentage of the applicable
25 employee payroll, shall be increased in equal annual increments
26 so that by State fiscal year 2011, the State is contributing at

1 the rate required under this Section.

2 Notwithstanding any other provision of this Article, the
3 total required State contribution for State fiscal year 2006 is
4 \$29,189,400.

5 Notwithstanding any other provision of this Article, the
6 total required State contribution for State fiscal year 2007 is
7 \$35,236,800.

8 For each of State fiscal years 2008 through 2009, the State
9 contribution to the System, as a percentage of the applicable
10 employee payroll, shall be increased in equal annual increments
11 from the required State contribution for State fiscal year
12 2007, so that by State fiscal year 2011, the State is
13 contributing at the rate otherwise required under this Section.

14 Notwithstanding any other provision of this Article, the
15 total required State contribution for State fiscal year 2010 is
16 \$78,832,000 and shall be made from the proceeds of bonds sold
17 in fiscal year 2010 pursuant to Section 7.2 of the General
18 Obligation Bond Act, less (i) the pro rata share of bond sale
19 expenses determined by the System's share of total bond
20 proceeds, (ii) any amounts received from the General Revenue
21 Fund in fiscal year 2010, and (iii) any reduction in bond
22 proceeds due to the issuance of discounted bonds, if
23 applicable.

24 Notwithstanding any other provision of this Article, the
25 total required State contribution for State fiscal year 2011 is
26 the amount recertified by the System pursuant to this

1 amendatory Act of the 96th General Assembly. Subject to the
2 requirements of Section 7.2 of the General Obligation Bond Act,
3 the State contribution for fiscal year 2011 may be made through
4 any combination of (i) the transfer of bonds to the System in
5 fiscal year 2011 and (ii) the proceeds of bonds sold by
6 negotiated sale in fiscal year 2011 pursuant to Section 7.2 of
7 the General Obligation Bond Act, less (A) the pro rata share of
8 bond sale expenses determined by the System's share of total
9 bond proceeds, (B) any amounts received from the General
10 Revenue Fund or the State Pensions Fund in fiscal year 2011,
11 and (C) any reduction in bond proceeds due to the issuance of
12 discounted bonds, if applicable. If no bonds are issued
13 directly to the System in accordance with Section 7.2 of the
14 General Obligation Bond Act and if in the sole determination of
15 the Director of the Governor's Office of Management and Budget
16 market conditions do not support the issuance of bonds by
17 negotiated sale in order to make all or a portion of the
18 required contribution, he or she shall so inform the System in
19 writing and the State contribution for fiscal year 2011 shall
20 be only the System's pro rata share, based on the amounts
21 recertified by each System pursuant to this amendatory Act of
22 the 96th General Assembly, of the proceeds of bonds issued,
23 less (A) the pro rata share of bond sale expenses determined by
24 the System's share of total bond proceeds, (B) any amounts
25 received from the General Revenue Fund or the State Pensions
26 Fund in fiscal year 2011, and (C) any reduction in bond

1 proceeds due to the issuance of discounted bonds, if
2 applicable.

3 Beginning in State fiscal year 2046, the minimum State
4 contribution for each fiscal year shall be the amount needed to
5 maintain the total assets of the System at 90% of the total
6 actuarial liabilities of the System.

7 Amounts received by the System pursuant to Section 25 of
8 the Budget Stabilization Act or Section 8.12 of the State
9 Finance Act in any fiscal year do not reduce and do not
10 constitute payment of any portion of the minimum State
11 contribution required under this Article in that fiscal year.
12 Such amounts shall not reduce, and shall not be included in the
13 calculation of, the required State contributions under this
14 Article in any future year until the System has reached a
15 funding ratio of at least 90%. A reference in this Article to
16 the "required State contribution" or any substantially similar
17 term does not include or apply to any amounts payable to the
18 System under Section 25 of the Budget Stabilization Act.

19 Notwithstanding any other provision of this Section, the
20 required State contribution for State fiscal year 2005 and for
21 fiscal year 2008 and each fiscal year thereafter, as calculated
22 under this Section and certified under Section 18-140, shall
23 not exceed an amount equal to (i) the amount of the required
24 State contribution that would have been calculated under this
25 Section for that fiscal year if the System had not received any
26 payments under subsection (d) of Section 7.2 of the General

1 Obligation Bond Act, minus (ii) the portion of the State's
2 total debt service payments for that fiscal year on the bonds
3 issued for the purposes of that Section 7.2, as determined and
4 certified by the Comptroller, that is the same as the System's
5 portion of the total moneys distributed under subsection (d) of
6 Section 7.2 of the General Obligation Bond Act. In determining
7 this maximum for State fiscal years 2008 through 2010, however,
8 the amount referred to in item (i) shall be increased, as a
9 percentage of the applicable employee payroll, in equal
10 increments calculated from the sum of the required State
11 contribution for State fiscal year 2007 plus the applicable
12 portion of the State's total debt service payments for fiscal
13 year 2007 on the bonds issued for the purposes of Section 7.2
14 of the General Obligation Bond Act, so that, by State fiscal
15 year 2011, the State is contributing at the rate otherwise
16 required under this Section.

17 (d) For purposes of determining the required State
18 contribution to the System, the value of the System's assets
19 shall be equal to the actuarial value of the System's assets,
20 which shall be calculated as follows:

21 As of June 30, 2008, the actuarial value of the System's
22 assets shall be equal to the market value of the assets as of
23 that date. In determining the actuarial value of the System's
24 assets for fiscal years after June 30, 2008, any actuarial
25 gains or losses from investment return incurred in a fiscal
26 year shall be recognized in equal annual amounts over the

1 5-year period following that fiscal year.

2 (e) For purposes of determining the required State
3 contribution to the system for a particular year, the actuarial
4 value of assets shall be assumed to earn a rate of return equal
5 to the system's actuarially assumed rate of return.

6 (Source: P.A. 95-950, eff. 8-29-08; 96-43, eff. 7-15-09.)

7 (40 ILCS 5/18-140) (from Ch. 108 1/2, par. 18-140)

8 Sec. 18-140. To certify required State contributions and
9 submit vouchers.

10 (a) The Board shall certify to the Governor, on or before
11 November 15 of each year, the amount of the required State
12 contribution to the System for the following fiscal year. The
13 certification shall include a copy of the actuarial
14 recommendations upon which it is based.

15 On or before May 1, 2004, the Board shall recalculate and
16 recertify to the Governor the amount of the required State
17 contribution to the System for State fiscal year 2005, taking
18 into account the amounts appropriated to and received by the
19 System under subsection (d) of Section 7.2 of the General
20 Obligation Bond Act.

21 On or before July 1, 2005, the Board shall recalculate and
22 recertify to the Governor the amount of the required State
23 contribution to the System for State fiscal year 2006, taking
24 into account the changes in required State contributions made
25 by this amendatory Act of the 94th General Assembly.

1 On or before May 15, 2010, the Board shall recalculate and
2 recertify to the Governor the amount of the required State
3 contribution to the System for State fiscal year 2011, applying
4 the changes made by Public Act 96-889 to the System's assets
5 and liabilities as of June 30, 2009 as though Public Act 96-889
6 was approved on that date.

7 (b) Beginning in State fiscal year 1996, on or as soon as
8 possible after the 15th day of each month the Board shall
9 submit vouchers for payment of State contributions to the
10 System, in a total monthly amount of one-twelfth of the
11 required annual State contribution certified under subsection
12 (a). From the effective date of this amendatory Act of the 93rd
13 General Assembly through June 30, 2004, the Board shall not
14 submit vouchers for the remainder of fiscal year 2004 in excess
15 of the fiscal year 2004 certified contribution amount
16 determined under this Section after taking into consideration
17 the transfer to the System under subsection (c) of Section
18 6z-61 of the State Finance Act. These vouchers shall be paid by
19 the State Comptroller and Treasurer by warrants drawn on the
20 funds appropriated to the System for that fiscal year.

21 If in any month the amount remaining unexpended from all
22 other appropriations to the System for the applicable fiscal
23 year (including the appropriations to the System under Section
24 8.12 of the State Finance Act and Section 1 of the State
25 Pension Funds Continuing Appropriation Act) is less than the
26 amount lawfully vouchered under this Section, the difference

1 shall be paid from the General Revenue Fund under the
2 continuing appropriation authority provided in Section 1.1 of
3 the State Pension Funds Continuing Appropriation Act.

4 (Source: P.A. 93-2, eff. 4-7-03; 93-665, eff. 3-5-04; 94-4,
5 eff. 6-1-05.)

6 Section 20. The State Pension Funds Continuing
7 Appropriation Act is amended by adding Section 1.8 as follows:

8 (40 ILCS 15/1.8 new)

9 Sec. 1.8. Suspension of appropriations for FY11.

10 Notwithstanding any other provision of this Act, no
11 appropriation otherwise required from the General Revenue Fund
12 or the Common School Fund under this Act is required or shall
13 be made for State fiscal year 2011.

14 Section 99. Effective date. This Act takes effect upon
15 becoming law."